

FACTS ABOUT AID

U.S. Agency for International Development

25 Years of Progress

The U.S. Agency for International Development (AID), created by the Foreign Assistance Act of 1961, today carries out U.S. economic assistance programs in the developing world.

AID has provided over \$140 billion in economic aid in the last 25 years.

The U.S. foreign economic assistance program has helped bring about breakthroughs in agriculture enabling many nations to become self-reliant in food. In health care, new life-saving technologies have been developed. Oral rehydration therapy, which the United States has taken the lead in promoting and distributing, is an example. A simple solution of salt, water and sugar, oral rehydration therapy saves the lives of half a million children yearly who would otherwise die from dehydration resulting from diarrheal disease. AID-supported research now is producing a vaccine against malaria.

Through the U.S. foreign aid program, about a quarter of a million people from developing nations have received training and have gone on to assume leadership roles in the government and private sector of their countries.

Foreign aid makes a difference. In the last 25 years, life expectancy in developing nations has increased by 20%, literacy by 33% and per capita income by 50%. Primary school enrollment has tripled and secondary school enrollment has increased sixfold. Many nations that were once aid recipients, such as South Korea and Taiwan, have become major U.S. trading partners.



AID's primary health care and child survival programs contribute to reducing in infant mortality throughout the world.

INFANT MORTALITY					
	(per 1,000 live births)			Average Annual Decline	
	1970	1980	1985	70/80	80/85
Africa (non-Sahel)	130.1	111.5	100.4	-1.71	-2.63
Africa Sahel	163.1	147.9	138.0	-1.08	-1.75
Asia	132.6	115.7	99.5	-1.51	-3.78
Near East	125.7	108.0	81.7	-1.69	-6.98
Latin America	105.2	80.2	72.0	-3.01	-2.70
TOTAL	132.3	114.2	97.8	-1.63	-3.88

(Data from AID Office of Population and Bureau of Census)

A Matter of Self-Interest

Foreign aid serves a full range of U.S. national interests: political, economic, security, commercial, developmental and humanitarian. It assists developing nations to break through the barrier of poverty and provides incentives for economic and social progress that leads to political stability, self-reliance and sustained growth.

In an interdependent world, the United States has an important stake in global economic development.

More than 40% of all private U.S. direct investment is in the Third World. Half of all American manufactured goods, cereals and grains are exported to growing markets in the developing world. The nations of the Third World also produce half of all U.S. imports including many strategic minerals vital to national defense.

The Origins of Foreign Aid

U.S. foreign assistance as a national policy originated with the Marshall Plan in 1947 when the United States helped rebuild war-torn Europe following World War II.

The focus of foreign aid switched from Europe to the nations of the developing world with President Truman's Point Four program in 1949. In 1950, the Act for International Development authorized a technical cooperation program, and the Technical Cooperation Administration was established. Its mandate was to conduct programs providing technical assistance to countries of North Africa, the Middle East, Latin America and Asia.

Then in 1951, the Mutual Security Act united military and economic programs and technical assistance through the formation of the Mutual Security Agency. Two years later, a new Foreign Operations Administration was created, and the program of technical cooperation was merged into it.



AID has set a goal of increasing primary school enrollment ratios to 90% by the year 2000.

By 1955, it was recognized that economic assistance had become an important feature of U.S. foreign policy. The increasingly long-range nature of development projects required more effective administration. The Foreign Operations Administration became the International Cooperation Administration.

The 1960s were seen as a crucial "decade of development" as a number of former colonies became independent nations and looked toward modernizing their societies. U.S. economic assistance was seen as an important program for helping to extend the "frontiers of freedom."

The Agency for International Development, therefore, was established in 1961.

U.S. Aid Today

U.S. development assistance addresses five basic problems: inadequate income growth; hunger; health deficiencies—particularly infant and child mortality; illiteracy and lack of educational opportunity; and unmanageable population pressures.

Four basic policy principles guide the U.S. foreign aid program. These "four pillars" now are mandated by law.

First, it has become apparent over the years that the ability of economic aid programs to achieve their goals depends to a large degree on the soundness of economic policies in recipient nations. Through *policy dialogue*, the United

States communicates with governments to eliminate inappropriate subsidies, price and wage controls, trade restrictions, overvalued exchange rates and interest rate ceilings that curtail economic performance. When a nation requests economic assistance from the United States, help also is provided to design economic policies that help development to succeed.

Second, for effective economic growth to take place, developing nations need access to technology that is appropriate to their specific needs. The U.S. foreign aid program helps expand and strengthen, through *research* and *technology transfer*, the capacities of developing countries. Major emphasis is placed on research and development in areas such as food and agriculture, forestry, biomedical research and voluntary family planning methods.

Third, effective institutions enhance a country's ability to harness its own human and other resources for development by providing access to skills and services needed to increase productivity and income. U.S. support builds schools, universities and health care systems and provides access to self-sustaining sources of credit for productive investment. *Institution building* activities also include training to upgrade technical and managerial expertise.

U.S. foreign aid also supports small business and farmer-controlled cooperatives and other institutions that provide the means for people to express their views,

PRIMARY SCHOOL ENROLLMENT RATIO

	1970	1980	1983	Estimates of Continuous Growth Rates Per Year (%)	
				70-80	80-83
Africa (non-Sahel)	65.6	78.7	86.7	2.02	4.85
Africa Sahel	27.0	35.1	38.8	2.91	5.00
Asia	71.1	73.1	79.4	0.90	1.50
Near East	82.5	85.1	89.1	0.34	2.25
Latin America	87.4	93.9	96.3	0.79	1.30
Total	72.0	78.4	81.3	0.94	1.80

choose their leaders and lobby for needed reform.

Fourth, nations in the developing world that have strong *private sectors* have achieved faster, sounder and more sustained economic growth than those with government-controlled economies. U.S. economic assistance promotes open and competitive markets in developing countries and supports policies in those countries that permit the expansion of the indigenous private sector.

Foreign Aid: How It Works

Development Assistance

Development assistance is administered by AID in the form of loans and grants. Its objective is to broaden economic opportunity by improving the quality of life of the poorest people through programs in agriculture, rural development, nutrition, family planning, health, education, human resource development, energy, science and technology. The programs are concentrated in countries where U.S. assistance is needed most and where there is a clear commitment to broadly-based growth. AID supports over 1,500 development assistance programs in more than 70 countries in the following areas:

Education and Human Resource Development

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

The 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. Emphasis is placed on improving



AID-supported research helped bring about a "Green Revolution" in agriculture in Asia. Work now is under way to help bring food self-sufficiency to the African continent where a new variety of sorghum in the Sudan can increase yields 150%.

primary education for children, skills training for adolescents and adults and advanced training for development program managers, scientists and professional personnel.

Support is provided for private voluntary organizations to conduct educational programs in basic literacy, health care and occupational health and safety.

"Scholarship diplomacy"—providing opportunities for Third World citizens to study in the United States—is an important part of the foreign aid program. AID is responsible for managing most U.S. government-sponsored scholarships for students from the developing world. About a quarter of a million people from developing nations have received training in the United States during the last 25 years.

Agriculture, Rural Development

The World Bank estimates that the number of malnourished people can double or even triple from the current 500 million to 1.3 billion by the year 2000. The objective of U.S. assistance is to increase food availability and to improve food consumption. This is achieved by helping change

policies that constrain agricultural production, by improving agricultural technology and institutions and by providing training opportunities.

Research is a key factor in improving agricultural production. Research support is provided to a network of international agricultural research centers and U.S. land and sea grant colleges to improve and expand food production.

Agricultural production also is increased through projects in irrigation, swamp drainage, road building, product marketing and rural electrification. Farmers are provided access to credit, markets and technology.

Health

U.S. foreign aid helps developing countries expand basic health care by emphasizing the selection of a limited number of technologies with proven effectiveness in reducing morbidity and mortality from illnesses prevalent in the developing world.

Support is provided for the devel-

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opment or improvement of vaccines for malaria, measles, whooping cough, leprosy and rotavirus, the most common cause of infant diarrhea.

AID, which helped sponsor the research that developed oral rehydration therapy (ORT), a simple solution of salt, sugar and water that is effective and easily administered, is now assisting in making ORT available worldwide with programs in 42 nations. The U.N. International Children's Fund (UNICEF) and the World Health Organization (WHO) are major partners in this global effort.

Child survival is a major emphasis of AID's health program. Half of all deaths in developing countries occur among children under five. Oral rehydration therapy and immunization can help save over half of these children. Child spacing and nutrition activities also play a significant role in AID's child survival strategy.

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.

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

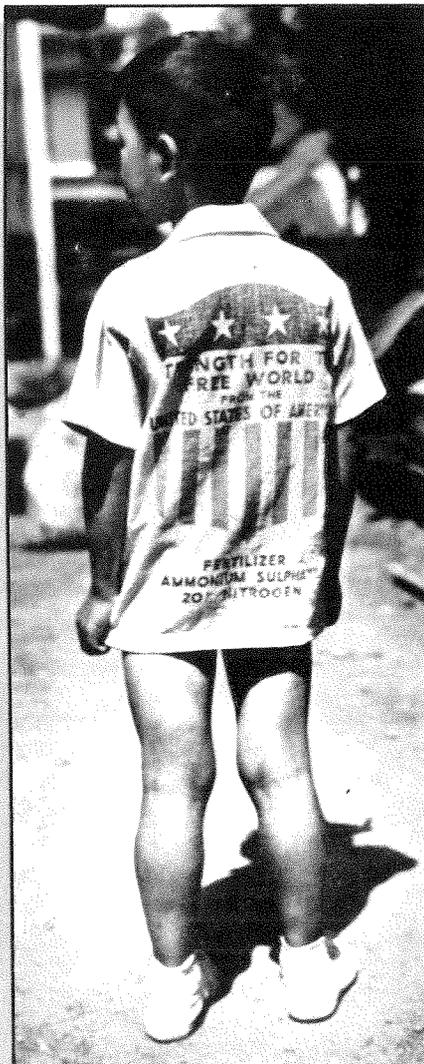
AID supports energy planning and policy development. Technical assistance, training and research are provided to make the most efficient use of energy resources. AID helps develop local institutions and trains personnel to manage natural resources effectively in developing countries. Environmental analysis is

integrated into all development projects to ensure environmental soundness and long-term sustainability.

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.

Economic Support Fund

The Economic Support Fund, part of the U.S. Security Assistance Program, promotes economic and political stability in regions where the United States has special security interests and has determined that economic assistance can be useful in helping to secure peace or to avert major economic or political crises.



These resources meet a variety of needs including balance-of-payments support and financing of infrastructure and other capital projects such as road and school construction.

Food for Peace

Food aid is provided in close cooperation with the U.S. Department of Agriculture through the Food for Peace Program or P.L. (for Public Law) 480. The United States is the largest food donor in the world. The Food for Peace Program has delivered 303 million metric tons of food to more than 1.8 billion people in over 100 countries since 1954.

Throughout the world, food aid is provided through concessional sales, in exchange for specific self-help development activities or donated in the case of disasters and emergencies.

Disaster Assistance

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

During the past 22 years, relief was provided to victims of 772 foreign disasters in 128 countries in which 2.3 million have died and 770 million have been affected.

In 1985, for example, the United States responded to the famine emergency in Africa by providing over three million tons of American food valued at \$1.1 billion. This represented half of all food delivered to that continent.

OFDA also provides technical assistance and training to develop early warning systems and to improve disaster preparedness in disaster-prone areas.

Budget

AID's 1987 foreign economic aid program totals less than 1% of the overall federal budget or about \$6 billion.