

# **Total Economic Engagement: U.S. Perspective on Foreign Aid and Development**



**Financing for Development: Review of the Monterrey Consensus  
November 29 – December 2, 2008**

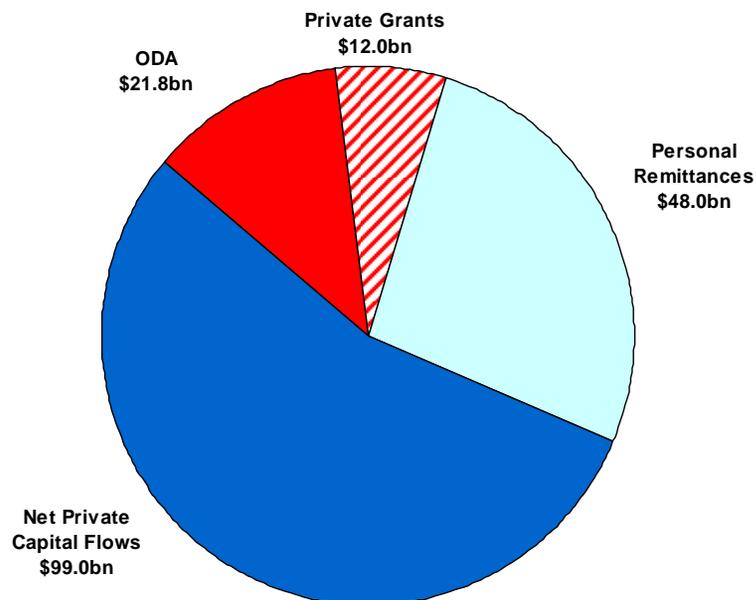
# Total U.S. Financial Flows: \$180.8 Billion to Developing Countries

➤ Non-trade private financial flows in 2007 from the U.S. excluding ODA – i.e. personal remittances, net private investment, and NGO grants – total some \$159 billion, nearly eight times the size of U.S. ODA flows.

➤ In addition, U.S. net goods imports from developing countries were \$573 billion in 2007 – dwarfing the size of other financial flows to these countries.

➤ Taken together, these flows to developing countries, including payments for net imports, represents 5.3 percent of U.S. GDP.

U.S. Non-Trade Financial Flows to Developing Countries  
\$180.8 bil. = \$21.8 bil. ODA + \$159.0 bil. Other Flows



Source: USAID, OECD DAC April 2008, Dept. Commerce BEA



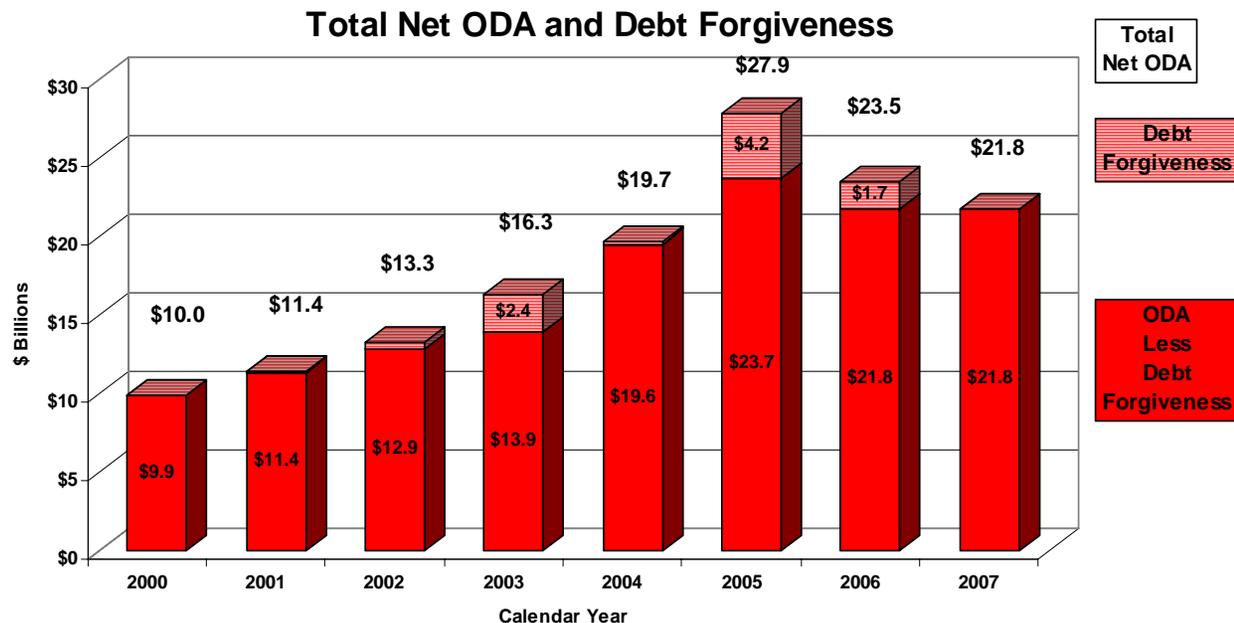
# Donors Must Honor Pledges to Increase ODA

## The U.S. Did So – Early

➤ At a March 2002 UN Conference held in Monterrey, Mexico, the United States pledged to increase its foreign assistance by 50 percent over 2000 levels by 2006.

➤ The U.S. met that pledge three years early. U.S. ODA for 2003 was \$16.3 billion, more than 60 percent higher than it was in 2000.

➤ Special debt relief efforts for developing economies accounted for \$4.2 billion of the 2005 U.S. ODA value of \$27.9 billion, and another \$1.7 billion in 2006.



Source: OECD DAC April 2008

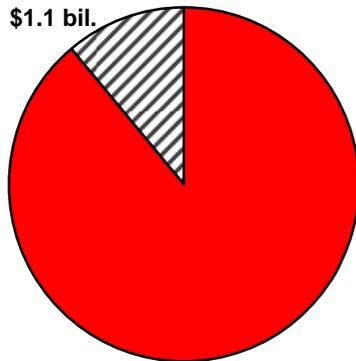


# An Increasing Amount of U.S. ODA Is Going to Africa, as Pledged

➤ Further increases in ODA to Africa are expected from the Millennium Challenge Account (MCA), from HIV/AIDS Relief (PEPFAR), from the Malaria Initiative (PMI), and from the Initiative to End Hunger in Africa (IEHA).

CY2000 ODA = \$10.0 billion

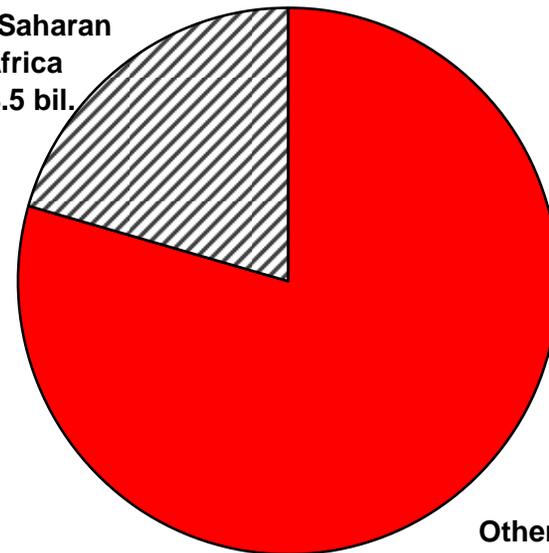
Sub-Saharan  
Africa  
\$1.1 bil.



Other  
\$8.9 bil

CY2007 ODA = \$21.8 billion

Sub-Saharan  
Africa  
\$4.5 bil.



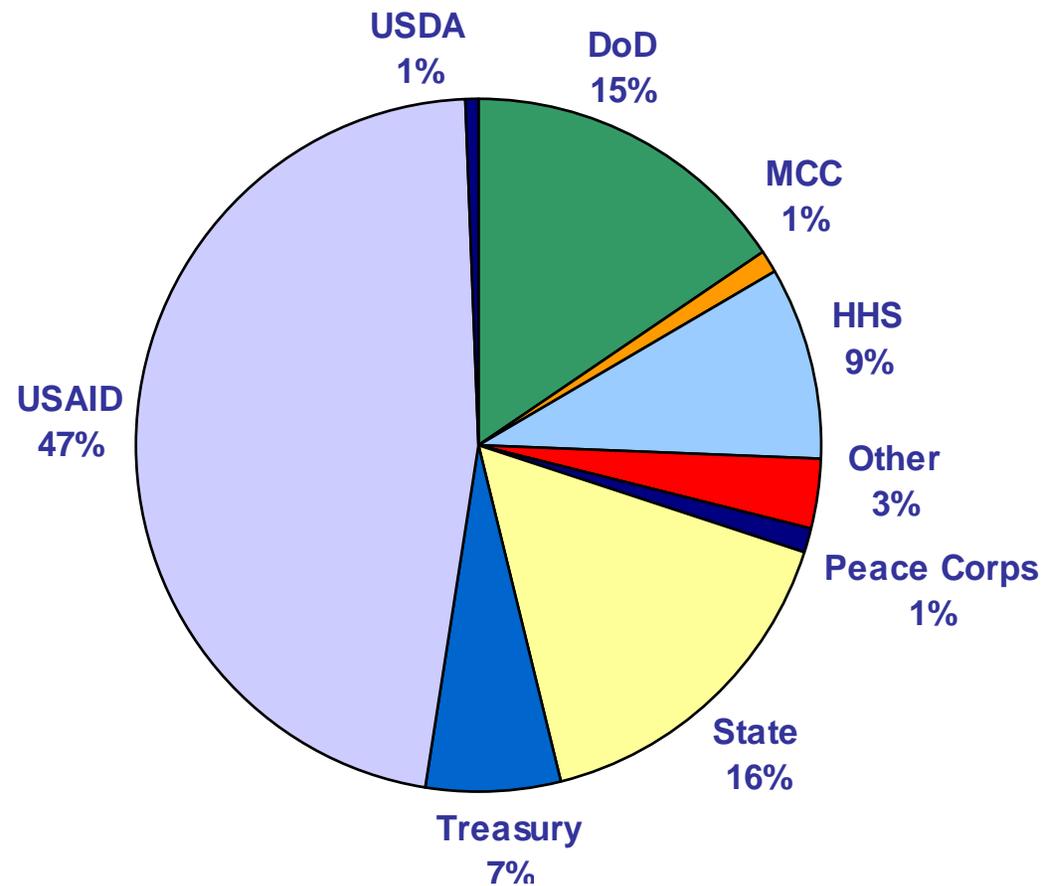
Other  
\$17.3 bil

Source: OECD DAC April 2008



# 2007 Distribution of U.S. ODA by Agency

**Bilateral and Multilateral**  
**\$21.8 billion**



Source: 2007 Dept. State estimates

➤ USAID, the lead U.S. agency providing economic and humanitarian assistance, disbursed roughly \$10.3 billion of ODA.

➤ The U.S. is the largest contributor to humanitarian assistance, of food aid, and to multilateral organizations.

➤ In 2007, some \$2.4 billion of 2007 ODA disbursements by U.S. agencies were for HIV/AIDS programs. Through fiscal year 2008 the U.S. has provided \$18.8 billion in budget authority for the global fight against HIV/AIDS.



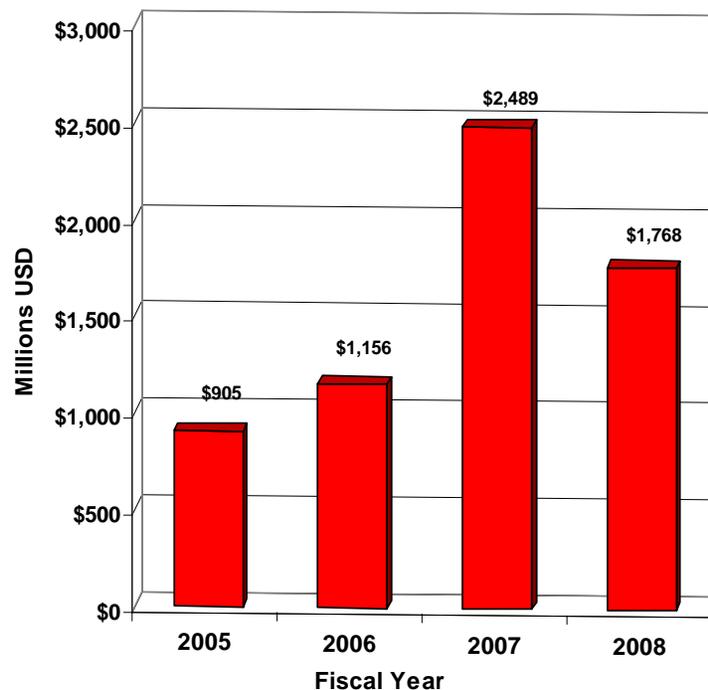
# Millennium Challenge Account: From Monterrey Launch to Development Reality

## Launch Concept:

Provide greater resources to countries taking responsibility for their own development, focusing on:

- **Good policies:** MCA supports countries that govern well, invest in health and education, and provide a good economic climate.
- **Country ownership:** MCA countries design and implement their own programs.
- **Results:** MCA Compacts identify clear goals and accountability for measurable results from the start.

MCC Compact Commitments by Fiscal Year



Source: MCC

Development Reality: MCA has signed compacts with 18 countries worth \$6.3 billion to fight poverty. Disbursements are accelerating and in FY2009 are expected to exceed those of the past four years combined. To add incentive for policy reform and help more countries qualify for compacts, MCC also provides “threshold” assistance to 19 countries worth an additional \$440 million.

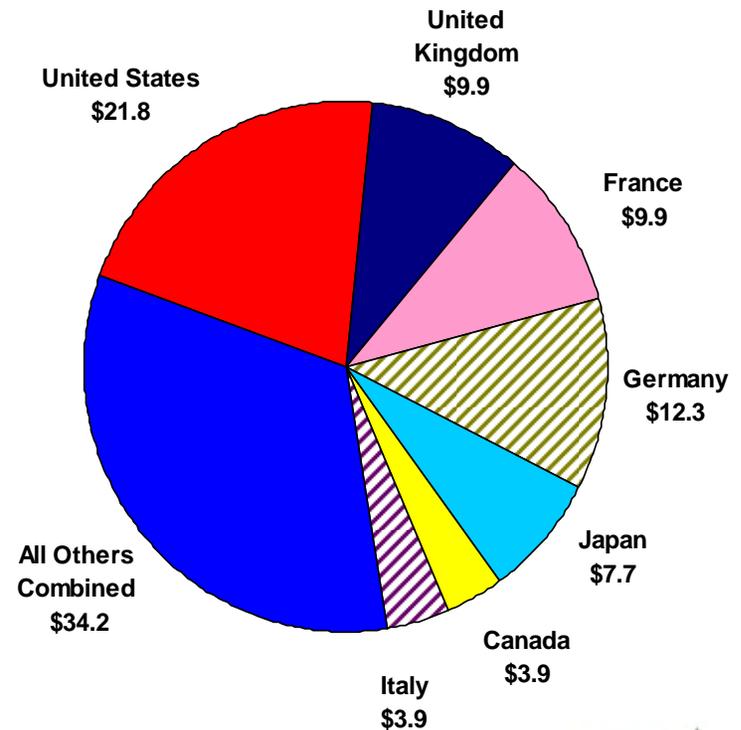


# ODA is an Important Catalyst for Growth and Development

➤ The United States is the world's largest contributor of development assistance at \$21.8 billion in 2007.

➤ Humanitarian ODA will lead the way forward in coming years. The U.S. has authorized up to \$48 billion to combat HIV/AIDS, tuberculosis, and malaria for five additional years over 2009-2013, and has challenged other donor countries to collectively do the same.

Official Development Assistance Disbursements 2007  
Total = \$103.7 Billion



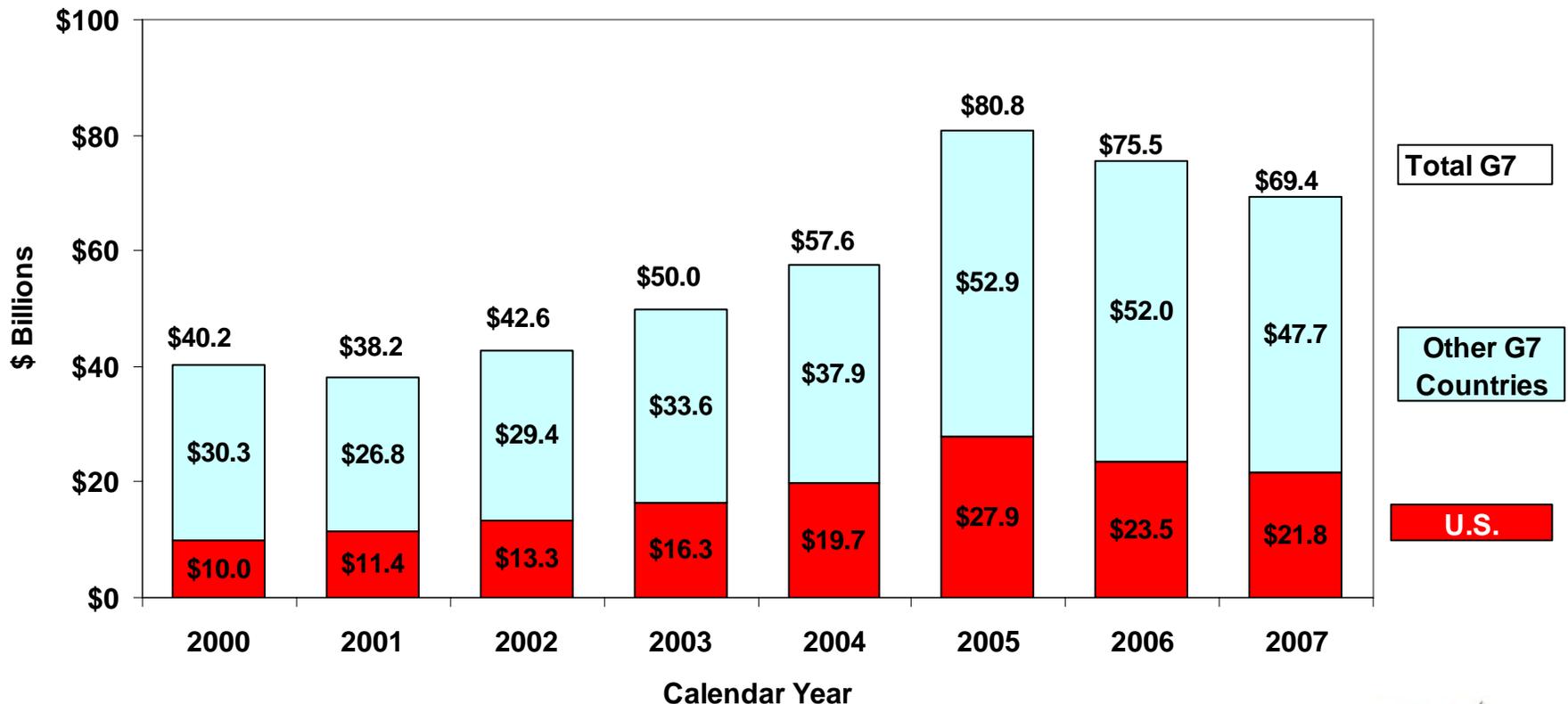
Source: OECD DAC April 2008



# United States Growth in ODA Leads G-7

The annual growth rate of U.S. ODA averaged 11.8 percent over the 2000-2007 period, compared to 6.7 percent average for other G7 nations.

U.S. and Other G7 Country ODA



Source: OECD DAC April 2008



# Developing Countries Should Harness All Available Financial Resources

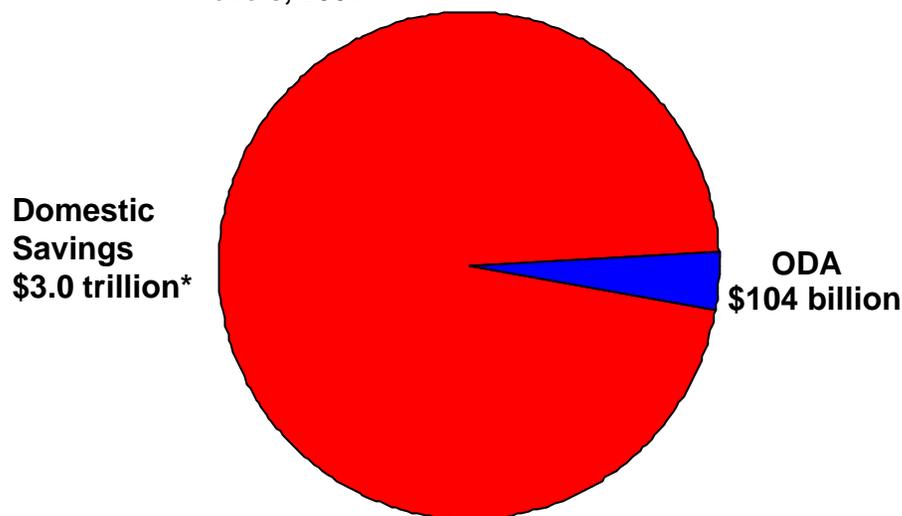
➤ For 2007, Official Development Assistance (ODA) from all donors totaled \$104 billion, tiny in comparison to over \$3 trillion of developing economy domestic savings.

➤ Economist Hernando de Soto estimates that the value of untitled real estate capital owned by the poor in developing economies is worth \$9.3 trillion.

➤ The challenge is how to work with developing countries to help harness such domestic resources for investment in economic growth.

➤ In the past seven years, USAID has cultivated more than 680 public-private alliances with over 1,700 individual partners who contributed more than \$9 billion toward USAID activities.

Comparison of Gross Domestic Savings from Developing Economies vs. ODA levels, 2007



Source: IMF, OECD DAC April 2008

\*2007 Dept. State estimates



