



THE
UNITED STATES
COMMITMENT
TO THE
MILLENNIUM
DEVELOPMENT
GOALS

APRIL 2008

“To spread a vision of hope, the United States is determined to help nations that are struggling with poverty. We are committed to the Millennium Development goals. This is an ambitious agenda that includes cutting poverty and hunger in half, ensuring that every boy and girl in the world has access to primary education, and halting the spread of AIDS—all by 2015.”

President George W. Bush, United Nations High-Level Plenary Meeting,
United Nations Headquarters, New York, New York



OUR COMMITMENT

The United States is a strong and consistent supporter of the goals of the *Millennium Declaration* of the United Nations. The adoption of the *Millennium Declaration* in 2000 by the international community reflects a shared sense of the urgency of development as well as increased confidence in our collective ability to help dramatically improve the lives of the poor around the world. This is a noble endeavor that in our shrinking world affects the destinies of everyone.

We now stand at the half way point since our *Declaration* to the 2015 date of achieving the Millennium Development Goals (MDGs). It is therefore fitting that we pause to assess progress on our collective endeavor to address poverty, disease, famine, conflict, and other obstacles to development through a partnership between developing and developed countries.

“Achieving the internationally agreed development goals, including those contained in the *Millennium Declaration*, demands a new partnership between developed and developing countries.”—International Conference on Financing for Development, Monterrey, Mexico, March 2002

PROGRESS

The 2007 Millennium Development Goal Report of the United Nations has documented some noteworthy progress toward achieving the MDGs. At the global level—life expectancy, literacy, infant survival, and caloric intake continue to increase. Democratic and accountable governance, improved macroeconomic management, trade liberalization, and improved investment climates are driving growth. This progress is unprecedented by historic standards—across the spectrum of MDGs.

Progress toward the MDGs, however, has not been uniform across countries. This is particularly true for fragile states which are most likely to fall short on specific indicators by 2015. Fragile states pose our greatest development challenge and must be an important focus in the years to come.

THE U.S. STRATEGY

"America is pursuing a clear strategy to bring progress and prosperity to struggling nations all across the world. We're working to increase access to trade and relieve the burden of debt. We're increasing our assistance to the world's poorest countries and using this aid to encourage reform, and strengthen education, and fight the scourge of disease." — President George W. Bush, May 31, 2007

Achieving the MDGs requires more than development assistance. Rightly focused on the drivers of development, foreign aid can be an effective catalyst for development. The failures of foreign assistance in the past clearly demonstrate, however, that in countries where sound economic policies and accountable government do not prevail—assistance is at best ineffective and at worst can be an obstacle. To enhance the chances of development success and to assist in meeting and sustaining the MDGs, the United States is following a clear strategy. It has four key components, described in greater detail below:

- Country Ownership and Good Governance
- A Pro-Growth Economic Policy
- Investing in People
- Addressing Failing and Fragile States

Central to this strategy is the adoption by each partner country of a sound development strategy tailored to its unique challenges and opportunities. Equally important is the U.S. focus on aid effectiveness. Our strategy embodies the development principles adopted by the world community since the signing of the *Millennium Declaration*, namely, the *Monterrey Consensus* and *The Paris Declaration*. A renewed focus on these principles is essential if we are to make substantial development progress from now to 2015.

1

COUNTRY OWNERSHIP AND GOOD GOVERNANCE

U.S. development assistance reflects the long-term strategy that has come to be known as the *Monterrey Consensus*. At the *International Conference on Financing for Development* at Monterrey in 2002, the international community put forward a new model for development, calling on developing countries to establish sound economic and social policies, and for developed countries to support these efforts through an open trading system, private capital flows, and development assistance. We believe that development assistance achieves best results when it supports nations that make necessary political and economic reforms, for the primary responsibility falls to partner countries for achieving their own growth and prosperity. These principles are central to the foreign assistance reforms that the United States adopted in 2006, the most extensive reform of our foreign assistance since the 1960s at the height of the Cold War. They are also well illustrated through the following efforts.

Millennium Challenge Account. In 2002, President George W. Bush announced the *Millennium Challenge Account* (MCA) which is operated on the

principle that aid is most effective when it reinforces good policies and performance. Countries that qualify for funding in compacts with the Millennium Challenge Corporation (MCC) perform better than their peers on international indicators of governance, economic freedom and investment in people. Partner governments select their own priorities for funding, in consultation with their own societies. To ensure country ownership, partners develop and implement their own “compact” programs.

To date, MCC has signed compacts with 16 qualifying countries totaling \$5.5 billion to “reduce poverty through growth” by investing in infrastructure, agriculture, health, education and other areas as determined by partner countries, and is working with 10 other qualified countries that are developing compacts. MCC has 18 “threshold” programs totaling more than \$400 million to help countries that want to improve policies and performance so that they too can qualify.

Aid Effectiveness. The United States is a strong supporter of the *Monterrey Consensus* and *The Paris Declaration on Aid Effectiveness* which recognize that countries are ultimately responsible for their own development, and those that manage their own development resources well will also use aid well. When assistance is aligned with country plans and harmonized with domestic resources, it draws upon the respective strengths—the “value added”—of all actors in development. Effectively implementing the *Monterrey Consensus* and *The Paris Declaration* allows us to plan more strategically and manage more effectively, while holding both donor and recipient nations accountable. We are encouraged by initiatives taken in countries as diverse as Vietnam, Cambodia, Zambia, Uganda, Ghana, Honduras and Morocco. The United States is committed to further aid effectiveness efforts at country level under country leadership as a key means of reaching the MDGs by 2015.

Comprehensive African Agricultural Development Programme. The United States is a strong supporter of the *Comprehensive African Agricultural Development Programme* (CAADP) which has been endorsed by African heads of state as a framework for the agricultural growth, food security, and rural development in Africa. In 2006, the first year of a five-year effort, the United States provided \$195 million to support the CAADP.

Partnership for Democratic Governance. *The Partnership for Democratic Governance* (PDG) is a U.S. initiative, housed in the Organization for Economic Co-operation and Development and supported by a range of developed and developing countries. The PDG which strengthens democratic institutions at the

“We have signed the Millennium Challenge Compact, the largest ever. ...you are making it possible for the people of Tanzania to chart a brighter future, underpinned by growth, opportunity and democracy.” — Jakaya Mrisho Kikwete, President of Tanzania, at the signing ceremony with President George W. Bush, February 17, 2008

“The greatest danger to our common cause in development is not the developed world’s will to use its power or its political designs... In this era, so different from that which prompted the Marshall Plan, together we need to seek a New Consensus in international development: a commitment to work together in ways we never have before. Think of it as a declaration of inter-dependence.” — Henrietta H. Fore, U.S. Director of Foreign Assistance and Administrator, U.S. Agency for International Development, September 6, 2007

request of developing countries. A unique feature of the initiative is the partnering among developing countries themselves to further institutional reform in their respective countries.

2

A PRO-GROWTH ECONOMIC POLICY

As noted above, the United States believes that the best way to achieve and sustain the goals of the UN *Millennium Declaration* is through responsible government and private sector led pro-growth economic policies. Without generating economic growth, development progress will not take place. Without locally generated revenue, public services—including investments in education and health—can not be sustained.

Development happens when people are free to create and take advantage of economic opportunities. This means appropriate economic policies at the “macro” level, including sound fiscal, regulatory, and monetary policies. It means reform at the “micro” level, by fostering a favorable business climate that guarantees property rights and contract enforcement and promotes entrepreneurship. It also means mobilizing domestic and foreign private financing, and opening countries to the opportunities that the world economy offers in matters of trade and investment. Despite its positive growth rates since 2000 and favorable economic outlook, the main challenge to achieving economic growth that can make and sustain development progress is in sub-Saharan Africa.

The World Bank estimates that removing all barriers to goods trade would expand the global economy by \$830 billion by 2015. This would lift more than 300 million people out of poverty, resulting in a 2.5% increase in world per capita income. Another World Bank study found that developing nations that lowered their trade barriers in the 1990s grew three times faster than those that did not.

Trade and Foreign Investment. The United States is the largest net importer from developing countries at \$557 billion in 2006, an amount that dwarfs the size of other resource flows to these countries. The United States has opened its markets through international trade and investment agreements which establish rules such as non-discrimination, respect for private property, transparent regulation, and independent dispute settlement. In 2000, the United States had free trade agreements with three countries. Today, it has free trade agreements in force with 14 countries, most of which are in the developing world. The United States is presently seeking Congressional approval of free trade agreements it has negotiated with Colombia, Panama, and South Korea, and anticipates more such agreements in future. The United States is also committed to concluding an ambitious Doha Round agreement this year which will go a long way to achieving the MDG on poverty reduction by the year 2015.

Mobilizing Private Financing. The Overseas Private Investment Corporation (OPIC) provides risk insurance and financing to help U.S. businesses of all sizes invest in more than 150 emerging markets and developing nations worldwide. Over the agency’s 35-year history, OPIC has supported \$177 billion worth of

investments that have helped developing countries to generate over \$13 billion in host-government revenues and create over 800,000 host-country jobs. As part of the Africa Financial Sector Initiative of 2007, OPIC mobilized \$750 million in investment capital for African businesses. On his February 15–21 Africa trip, President George W. Bush announced that OPIC will support five new investment funds that will mobilize an additional \$875 million, for a total of more than \$1.6 billion in new capital.

Since 1999, the U.S. Development Credit Authority (DCA) has provided partial credit guarantees totaling over \$1.3 billion in 53 countries. Financing has benefited farms, microenterprises, health clinics, and local governments and has leveraged significant investment within developing countries themselves. In 2007, DCA guaranteed \$350 million worth of financing in 16 countries, with the introduction of Angola, Macedonia, Malawi, Senegal, Swaziland, and Tajikistan. The United States will be adding additional technical assistance resources to help small and medium enterprises leverage these financing instruments.

Developing Capacity for Trade. The United States is the largest single-country donor of Aid for Trade which helps developing countries participate in international trade agreements and overcome constraints, so they can take advantage of the economic opportunities that global trade and investment offer. U.S. annual Aid for Trade to developing countries has more than doubled since 2002. In both FY2006 and FY2007, the United States obligated more than \$1.4 billion in such aid.

Debt Relief. The United States was a primary architect of the Multilateral Debt Relief Initiative (MDRI) of the 2005 G8 Summit in Gleneagles. This program aims to provide up to \$60 billion in relief from the burden of debt that hampers economic growth and other productive investments. As of the end of January 2008, 25 countries had received over \$38 billion in debt relief from MDRI. Last year, the United States built on this progress when the Inter-American Development Bank agreed to provide approximately \$4.4 billion in debt relief to five countries: Bolivia, Guyana, Haiti, Honduras, and Nicaragua. In addition, more than \$63 billion in debt relief has been committed for 32 countries through the Heavily Indebted Poor Countries Initiative (HIPC)—26 of which are in Africa.

The Fight Against Hunger. Launched in 2002, *The Presidential Initiative to End Hunger in Africa* (IEHA) is a multi-year effort which focuses on promoting agricultural growth and building an African-led partnership to cut hunger and poverty by investing in agriculture oriented toward small-scale farmers. Through 2006, over 900 public and private partnerships were formed, and 358,000 men

Thanks in part to the *African Growth and Opportunity Act* (AGOA), over 98 percent of African exports to the United States entered the country duty-free last year. In 2007, AGOA exports to the United States totaled over \$50 billion — more than six times the level in 2001, the first full year of AGOA.

and 191,000 women have received training in a broad range of topics, including biotech safety, market analyses, record keeping, quality control, and post harvest handling.

3

INVESTING IN PEOPLE

Investing in human capital—people’s health and education—is another essential prerequisite of development success. The United States measures our contribution not by resource volumes but by the number of people it helps survive and prosper. The United States has extensive programs in education, infectious diseases, famine prevention, and other areas that support the goals of *Millennium Declaration*. Some of the more noteworthy U.S. initiatives follow.

The President’s Emergency Plan for AIDS Relief. *The President’s Emergency Plan for AIDS Relief* (PEPFAR) is the largest international health initiative in history dedicated to a single disease and will provide \$18.8 billion through 2008. It is based on partnerships with local communities and indigenous organizations that deliver treatment and care for those suffering from the disease, while preventing its spread. In June, the President asked Congress to double the historic initial commitment to PEPFAR with an additional \$30 billion over the next five years. These new funds will help bring the United States closer to its goal of treating 2.5 million people, preventing more than 12 million new infections, and caring for more than 12 million people, including 5 million orphans and vulnerable children. After making the U.S. pledge, the G8 nations responded by pledging \$60 billion to fight tuberculosis, malaria, and HIV/AIDS.

The President’s Malaria Initiative. *The President’s Malaria Initiative* (PMI) is a five-year, \$1.2 billion effort which is fighting a disease that claims the lives of 1 million children under the age of five each year in Sub-Saharan Africa. The President’s Malaria Initiative has already reached an estimated 25 million people in partnership with 15 African countries. Our goal is to reduce the mortality rate of this disease over five years in those 15 countries by 50 percent. The G8 commitment on malaria is to enable the 30 highest malaria prevalence countries in Africa to reach at least 85 percent coverage of the most vulnerable groups with effective prevention and treatment measures and achieve a 50 percent reduction in malaria related deaths.

Tuberculosis. The United States is also a major supporter of global efforts to reduce the threat of tuberculosis (TB). Between 2000 and 2007, USAID provided nearly \$600 million for TB programs worldwide, including about \$166

The President’s Emergency Plan for AIDS Relief has brought life-saving treatment to more than 1.45 million people around the world.

million directed specifically for work in Africa. Working with the *Stop TB* partnership and others, U.S.-supported programs expand and strengthen basic TB programs, focusing on DOTS (Directly Observed Therapy, Short Course) and on prevention and control of drug-resistant TB.

Child Survival and Maternal Health. The United States also provides major resource, program, and technical contributions in support of other health MDGs. This support includes continuing a two-decade history of leadership and support for improving the survival and health of women, infants, and children. Since 2000, the United States has provided over \$3 billion in support of maternal and child health programs in over forty countries. This sustained support has made an important contribution to reduction of infant and child mortality by twenty-five percent since 1990.

The Africa Education Initiative (AEI). AEI is providing \$600 million over eight years to increase access to quality basic education. Under AEI, 85,000 scholarships have been awarded to girls in 38 countries; over 220,485 teachers in 15 countries have acquired new skills; primary school children in Benin, Ethiopia, Guinea, Namibia, Senegal and South Africa have received 1,895,750 new textbooks; and over 13,000,000 African boys and girls in primary school have improved learning environments.

Centers of Excellence for Teacher Training (CETT). A Presidential Initiative announced at the Summit of the Americas in 2001, CETT was established to improve the reading and writing skills of boys and girls in Latin America and the Caribbean. Drawing on proven, international best practices, CETT has revolutionized reading instruction by successfully introducing a more child-centered, interactive approach to teachers who work with poor and disadvantaged boys and girls in the early primary grades. CETT has trained over 20,000 educators in 15 countries to support this fundamental goal. Over 600,000 poor and disadvantaged children have benefited from this program.

The President's International Education Initiative (PIEI). PIEI is providing \$525 million over five years in countries that demonstrate a strong commitment to education by investing their own resources in schools and teachers, operating with financial transparency, and adopting plans with international standards. The basic education component of the initiative will target assistance in Ethiopia, Ghana, Honduras, Liberia, Mali, and Yemen to provide an additional 4 million boys and girls with access to quality basic education. The initiative also includes \$100 million for Communities of Opportunity, a new after-school skills development program to give additional learning opportunities to 100,000 at-risk young women and men.

Under U.S. programs in FY 2006, over nine million people received improved access to safe drinking water, and close to 1.5 million people received improved access to sanitation. Such investments are projected to pay substantial dividends in child health and mortality goals.

Progress has been made in getting more children into school in the developing world. Enrollment in primary education grew from 80 percent in 1991 to 88 percent in 2005. Most of this progress has taken place since 1999. — *The 2007 Millennium Development Goal Report*, United Nations

Water for the Poor. The Water for the Poor Act (WFP) of 2005 makes the provision of affordable and equitable access to safe water and sanitation in developing countries a key component of U.S. foreign assistance programs. In Fiscal Year (FY) 2006, the United States provided, directly and through multilateral institutions, more than \$844 million in assistance for water, sanitation, and related activities around the world.

4

ADDRESSING FAILING AND FRAGILE STATES

Fragile and failing states are characterized by weak institutional capacities, poor governance, political instability, and internal conflict. They represent the international community's greatest development challenge as well as the most urgent threat to peace and security not only of their own people and their regions, but the rest of the world. These are the countries least likely to achieve the MDGs and they contribute significantly to the global deficit in meeting them. They are at risk for becoming a locus of terror, crime, and conflict. Peace and stability are important preconditions for development. U.S. overseas security programs increase stability and contribute to the environment needed for effective development assistance and sustainable economic activity. The 2006 *National Security Strategy of the United States* called fragile and failing states a threat to U.S. security. Therefore the United States has elevated its resources, commitment, and focus on these countries.

According to the World Bank, fragile states account for 9 percent of developing populations, but 27 percent of the extreme poor (living on US\$1 per day), nearly one-third of all child deaths, and 29 percent of 12-year olds who did not complete primary school in 2005.

The Global Peace Operations Initiative. The United States is working with partner nations and the African Union and sub-regional organizations like the Economic Community of West African States to enhance peacekeeping capabilities. Spending to improve performance of police forces and develop partner capacity to contribute to international peace operations was an estimated \$4.9 billion in 2006, with another \$1.15 billion spent in support of UN and other multilateral peacekeeping activities. The United States has committed to training 75,000 peacekeepers worldwide and is on target to reach this goal. Since 2005, the United States has trained 41,467 foreign military peacekeepers worldwide including over 39,000 African peacekeepers in 20 countries. 36,083 of these 41,467 have deployed to 18 UN or UN-sanctioned peacekeeping operations around the world.

Strategic Approach. The United States has reformed its foreign assistance programming to integrate better considerations of conflict, instability, and state fragility into its assistance strategies and to bring better collaboration among development, diplomatic, and military partners in post-conflict societies and complex humanitarian situations. To get on track toward achieving the MDGs, fragile states and states emerging from conflict or instability require a response

"America's national interests and moral values drive us in the same direction: to assist the world's poor citizens and least developed nations and help integrate them into the global economy." — National Security Strategy 2006

that is robust and flexible and which takes into account absorptive capacity and the need to strengthen local capacity. The legitimacy of local government institutions and the role of the international community in providing governance functions will structure how assistance is provided.

Coordinator for Reconstruction and Stabilization and Civilian Response Corps.

The United States established the *Office of the Coordinator for Reconstruction and Stabilization* to lead the U.S. Government civilian response and interface with the international community to prevent or prepare for post-conflict situations, and to help stabilize and reconstruct countries emerging from conflict and instability. President Bush has requested funding for the *Civilian Stabilization Initiative*, which would expand the initial response capability within the State Department to build a government-wide cadre of skilled, trained civilian experts available for immediate deployment with or without the military. He has also proposed the creation of a *Civilian Reserve Corps* to draw from a pool of Americans from around the country with expertise in such areas as public administration, policing, engineering, and medicine, to be tapped for specific deployments. The corps would be deployed globally to help nations emerging from conflict or to mitigate circumstances in failing states that could lead to state breakdown.

DEVELOPMENT RESOURCES

OFFICIAL DEVELOPMENT ASSISTANCE

Since the *Millennium Declaration*, the United States has increased U.S. Official Development Assistance (ODA) at a faster rate than at any time since the Marshall Plan and the onset of the Cold War. The OECD Development Assistance Committee's estimate of U.S. 2007 official development assistance is \$21.8 billion. At the Gleneagles G8 Summit in 2005, President Bush announced that the United States would again double assistance to Sub-Saharan Africa from a base of \$4.3 billion in 2004 to \$8.7 billion by 2010. It is on track to meet that goal.

OTHER RESOURCE FLOWS

To meet and sustain the goals of the *Millennium Declaration*, the world community must help developing nations harness the full potential of resource flows to countries in the developing world. This includes ODA but also includes multi-

The U.S. is a large contributor to the United Nations and to the multilateral development banks (MDBs). In 2006, U.S. contributions to the multilateral development banks totaled \$1.246 billion. Of this total, \$909 million was provided to the World Bank's International Development Association. These contributions support organizations that promote economic growth, poverty reduction, and increased living standards through development assistance. Our assistance leverages tens of billions of dollars from other donors.

ple channels of resource flows from private sources that now dwarf official channels of aid and which contribute directly to economic growth. In the 1970s, 70 percent of resource flows from the United States to the developing world were from ODA. Today, 85 percent of those resource flows are private. This includes private business investment, remittances, and university initiatives, as well as the foreign assistance efforts undertaken by corporations, foundations, NGOs, and religious organizations.

Total private resource flows from the United States to developing countries reached \$709 billion, 5.3% of GDP, in 2006. These included net imports of \$557 billion, remittances worth \$41 billion, private grants of \$25 billion and foreign direct investment of \$37 billion.

PUBLIC PRIVATE PARTNERSHIPS

This dramatic increase in private capital implies a profound and promising way international development is financed and conducted, one that should have both donor nations and developing countries welcome the private sector as full and equal partner on development projects.

Since the vast majority of private investments go to rapidly growing economies such as India and China, public foreign investment is vital to other regions and countries whose economic and political climates are less attractive to private investors. It increases stability and creates conditions conducive to the investment that drives growth and reduces poverty. Partnerships with the private sector are a smart way, therefore, to help shape and direct private capital, private sector innovations, and private sector talent to countries that might otherwise receive less attention.

The U.S. Agency for International Development'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. GDA has over 600 public-private alliances, with over \$2.1 billion in government funding leveraging more than \$5.8 billion in private resources. More than 1,700 organizations, including international and local businesses, private foundations, non-governmental organizations, and governments, are alliance partners in every country where USAID works. USAID has committed to tripling the value of resources leveraged through public-private partnerships by September 2009.

The U.S. State Department *Global Partnerships Center*, launched in December 2007, supports State's existing partnership activity, by building partnerships through a replicable process, providing needed guidance and practical

"The solutions to the complex challenges of the 21st century will come from all segments of American society working together, including a close and vital partnership between government and the private sector."—Secretary of State Condoleezza Rice, February 13, 2007

tools, and serving as a point of contact for outside partners' inquiries. The State Department's broad-ranging public-private partnership program include support for efforts to combat AIDS, promoting health awareness and spurring technological innovation in the developing world.

CONCLUSION

Overall progress on many of the MDG indicators is encouraging. However, this should not cause complacency or distract us from our commitments to create a climate for growth and to help address the problems of severely underperforming countries, especially fragile and failing states, where concerns about international security complement the moral mandate of the international community to answer to the needs of populations vulnerable to natural and made-made catastrophes.

Since the fall of the Berlin Wall and the end of the Cold War, the matter of failing and fragile states has presented the international community with its greatest strategic problem and our greatest development challenge. It is incumbent on the world community to turn its attention to this problem for development progress in these states represents the most formidable obstacle to global MDG achievement.

We should also guard against the opposite extreme of seeing any falling short as a manifestation of "development failure." This can only lead to a flagging of our collective development efforts. As the 2015 date approaches, it would be an unintended consequence of tragic dimensions if the MDGs themselves undermined the broad commitment to development that they reflected and helped generate.

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“When nations respect their people, open markets, invest in better health and education, every dollar of aid, every dollar of trade revenue and domestic capital is used more effectively.”

President George W. Bush, Monterrey, Mexico, March 22, 2002

