



# Foreign Aid Fact Sheet, 2003

## POVERTY AND INEQUALITY AROUND THE WORLD REMAIN PERSISTENT.

- Almost 3 billion people in the world continue to struggle on less than \$2 per day.
- Heavy debt burdens continue to draw precious resources away from health care, education, and other crucial developmental needs.
- The richest 1% of the world's people receive as much income each year as the poorest 57%.
- In sub-Saharan Africa, more people live in poverty than the entire population of the United States.
- In 2002, Zambia spent 25% of its revenue on debt servicing. Malawi spent 15%.
- *Bread for the World* reports that more than 840 million people in the world are malnourished. 153 million are under age 5.
- According to *Bread for the World*, 91 children out of every 1,000 die before their fifth birthday. 8 in 1,000 American children will die before they turn 5, by contrast.
- By 2010, there will be 25 million children left orphaned by the HIV/AIDS epidemic, according to the United States Catholic Conference of Bishops.
- 12 million people die every year from lack of water.
- Being underweight alone accounts for over three million childhood deaths a year in developing countries.

## WHAT HAS THE UNITED STATES DONE, OVER TIME, TO ADDRESS THE PROBLEM?

- Modern foreign aid began with the Marshall plan, an effort to rebuild post-World War II Europe. Presidents Kennedy and Johnson vastly expanded foreign aid, establishing the Peace Corps, the United States Agency for International Development, and the Alliance for Progress.
- Modern foreign aid initiatives were initially a product of the Cold War, as the United States used investments in development abroad to secure ideological allies and ward off ideological foes.

*Continued on page 2.*

### WHAT HAS THE UNITED STATES DONE, OVER TIME, TO ADDRESS THE PROBLEM? (continued)

- The U.S. often chose military aid over developmental assistance that improved the quality of life within a country.
- With the end of the Cold War came the end of a clear motivating vision for foreign aid policy. Initiatives in the 1990's and even up until September 11, 2001 were very small and rarely took foreign aid in bold, new directions.
- The US will spend \$17 billion on foreign aid in 2004, or less than 1% of its budget according to a September, 2003 article in Forbes magazine.
- According to the Council on Foreign Relations, the United States budgeted \$1 for aid for every \$19 spent on defense.

### SINCE SEPTEMBER 11, THE ADMINISTRATION HAS PUT FORWARD TWO SIGNIFICANT PROPOSALS TO INCREASE FOREIGN AID.

#### The Millennial Challenge Account

- Increases annual foreign aid funding by 50%, or \$5 billion, by 2006, with gradual increases beginning in 2004.
- Focuses aid on efforts to combat poverty and promote development.
- Establishes sixteen criteria meant to measure whether or not countries receiving aid are ruling justly, investing in people, and establishing economic freedom.
  - ⇒ Countries must score above a median score in half of these criteria to qualify.
  - ⇒ The criteria include areas like budget deficits, trade policy, primary school completion rates, control of corruption, and protection of civil liberties.
- Breaks with earlier foreign aid programs by establishing a transparent process for selecting aid recipients rather than basing aid on diplomatic or political goals.
- Breaks with earlier foreign aid efforts in attempting to hold recipient nations accountable to certain concrete outcomes as a result of aid.
- Focuses efforts on a small amount of countries in an effort to be more effective. About a dozen low-income countries will qualify for the MCA in year one. 18-20 are likely to make the cut by 2006.

*Continued on page 3.*

### **SINCE SEPTEMBER 11, THE ADMINISTRATION HAS PUT FORWARD TWO SIGNIFICANT PROPOSALS TO INCREASE FOREIGN AID.** (continued)

#### **The President's AIDS/HIV Proposal**

- Provides \$15 billion—including \$10 billion in new money—to fund the fight against HIV/AIDS, Tuberculosis, and Malaria.
- Provides \$5 billion to continue existing programs, \$1 billion to fight AIDS, Tuberculosis, and Malaria, and \$9 billion to an effort called the Emergency Plan for AIDS Relief, focused on 14 countries in Africa and the Caribbean.
- Constitutes a comprehensive approach to HIV/AIDS, encompassing prevention, care, and treatment, including the provision of antiretroviral drugs.

### **WHY IS THE UNITED STATES MORE INTERESTED IN FOREIGN AID SINCE 9/11?**

#### **There are at least four reasons for this new interest, all related to the war on terrorism.**

- Aid can play a direct role in the war on terror by supporting frontline countries like Afghanistan and Iraq and weak states where terrorism might breed.
- Foreign aid initiatives allow the United States to practice "soft power" in helping the world's poorest countries as a way to offset the implications of using military power.
- More people inside the administration are willing to acknowledge that the gap between the world's poorest nations and the world's wealthiest nations fosters bitterness and resentment abroad.

### **WILL THE ADMINISTRATION'S EFFORTS BE ENOUGH?**

#### **Current legislation in Congress does not fully fund the administration's proposals for the Millennium Challenge Account or the fight against HIV/AIDS.**

- Legislation before the Senate falls \$300 million short of the level of funding proposed by the President for the Millennium Challenge Account.
- Legislation before Congress falls \$1 billion short of the administration's proposed funding for work on HIV/AIDS.
- The administration appears to be slow to promote its own initiatives in Congress, which makes it even more likely that Congress will shortchange these programs.

*Continued on page 4.*

**Even if these initiatives were fully funded, they would not be enough to address the current risks that poverty and collapsed nation states pose.**

- The Millennium Challenge Account itself will only reach a handful of countries and leave many others without aid despite the great need they face and their lack of development options.
- Foreign aid programs like the Millennium Challenge account are insufficient in and of themselves to meet the needs foreign countries face. Good tariff and trade policy constitute an essential part of a comprehensive effort to promote healthy economic and human development abroad.
- Foreign aid programs cannot succeed where local governments have failed. Foreign governments have work to do to improve their own situations as well.

### WHAT CAN YOU DO?

**Write your members of Congress and ask them to:**

- Fully fund the Millennium Challenge Account (\$1.3 billion total).
- Fully fund efforts to combat HIV/AIDS (\$3 billion total).
- Ensure that this funding is *in addition to* existing funding.
- Ensure that the United States focus on providing aid to countries with the greatest need and the fewest development options.

**Track ongoing legislative developments at [www.usccb.org/sdwp](http://www.usccb.org/sdwp)  
or at [www.catholicrelief.org](http://www.catholicrelief.org)**

**Talk about advocacy for effective foreign aid as part of your parish's effort to work for peace.**