

# MODERNIZING U.S. FOREIGN ASSISTANCE: PRINCIPLES FOR 2016 CAMPAIGNS

## EFFECTIVE FOREIGN AID IS VITAL TO U.S. INTERESTS

- ▶ **Aid advances U.S. values and interests.** We are living in an era of rapid change – and of immense opportunity – for global development. A world in which over a billion people live on less than \$1.25 a day is not conducive to stability, democracy, or economic growth. Foreign aid is less than 1% of the federal budget, but it advances American values and interests by saving lives, promoting responsible and inclusive economic growth, building markets for U.S. goods and services, addressing the root causes of conflict, and supporting democratic and accountable governance.
- ▶ **Aid catalyzes responsible and inclusive economic growth.** Today, developing countries account for nearly half of U.S. exports and represent the greatest opportunity for U.S. export expansion.<sup>1</sup> The world's population is expected to top 9 billion by 2050 and the majority of the growth is predicted to occur in developing countries representing new markets for American goods and services. United States assistance for good governance and economic growth that is responsible and inclusive promotes a more stable business climate for investment and trade.
- ▶ **Aid strengthens our own national security.** Countries at greatest risk of terrorism and extremism are often those that lack good governance and economic opportunity for their citizens. Foreign aid that fosters transparent government and educational and economic opportunity can bring greater stability among nations and help to prevent threats to U.S. interests and expensive U.S. military engagements.
- ▶ **Aid works.** The United States has long been a global leader on foreign assistance. From the Marshall Plan to PEPFAR and beyond, our foreign aid has been reformed and strengthened over the years to become the transparent, results-driven programs we implement today. With the help of U.S. foreign assistance, by 2013, new HIV infections had fallen 42% from their global peak in 1997; between 2000 and 2010, malaria mortality rates fell by 26% globally; since 1990, 90 million children have been saved due to global efforts to reduce child mortality; and the percentage of microfinance institutions funded by USAID that achieved financial sustainability jumped from 38% in 2000 to 76% in 2012.<sup>2</sup>
- ▶ **Aid is still needed.** Private financial flows such as trade, investment, and remittances are larger than development assistance. But fragile states and states affected by conflict and disaster, where a growing proportion of the extremely poor live, are often left behind. Development aid reaches the poorest countries and communities, which often lack the infrastructure and resources to attract other sources of capital.

## OPPORTUNITIES TO MODERNIZE FOREIGN AID

- ▶ **Prioritize sustainability.** If we want our aid to have lasting impact, and gains to be continued without the need for further outside assistance, then we need to encourage and better enable local, developing country institutions – both governments and civil society – to play a larger role in shaping their own priorities, implementing programs and projects, and financing their own development. In South Korea, the U.S. prioritized working directly with government and civil society institutions, and the country has successfully transitioned from aid recipient to aid donor in less than 50 years.
- ▶ **Aid should be data-driven and focused on results.** Our foreign aid dollars can only go so far. We need to make public the details of what we are spending, where, and how, in order to enable proper monitoring and coordination. High-quality, independent evaluations can help us improve the design and targeting of our programs to ensure our assistance is being invested where there is a strong record of performance and results.

## ADDITIONAL RESOURCES FROM MFAN PARTNERS:

- ▶ “The Way Forward: A Reform Agenda for 2014 and Beyond” Modernizing Foreign Assistance Network (MFAN). [http://www.modernizeaid.net/documents/MFAN\\_Policy\\_Paper\\_April\\_2014.pdf](http://www.modernizeaid.net/documents/MFAN_Policy_Paper_April_2014.pdf)
- ▶ “America’s Global Leadership: A Strategic Investment for U.S. Jobs” U.S. Global Leadership Coalition. <http://issuu.com/usgloballeadershipcoalition/docs/usglc-economic-brief-final?e=2783995/2901356>
- ▶ “The White House and the World” Center for Global Development. <http://www.cgdev.org/page/white-house-and-world>
- ▶ “Engagement Amid Austerity: A Bipartisan Approach to Reorienting the International Affairs Budget” Center for Global Development and Center for American Progress. <http://www.cgdev.org/publication/engagement-amid-austerity-bipartisan-approach-reorienting-international-affairs-budget>
- ▶ “Foreign Aid 101” Oxfam America. <http://www.oxfamamerica.org/explore/research-publications/foreign-aid-101/>
- ▶ “Aid Works: America Making a Difference” InterAction. <http://www.interaction.org/aidworks>

## REFERENCES

<sup>1</sup>USGLC, “America’s Global Leadership: A Strategic Investment for U.S. Jobs,” <http://issuu.com/usgloballeadershipcoalition/docs/usglc-economic-brief-final?e=2783995/2901356>

<sup>2</sup>InterAction, “Aid Works: America Making a Difference,” <http://www.interaction.org/aidworks>

---

“For the United States, supporting international development is more than just an expression of our compassion. It is a vital investment in the free, prosperous, and peaceful international order that fundamentally serves our national interest.”

Secretary of State  
Condoleezza Rice, 2008

---



---

“[T]he work performed by diplomatic and development professionals helps build the foundation for more stable, democratic and prosperous societies. These are places where the potential for conflict can be minimized, if not completely avoided, by State and USAID programs thereby lowering the likely need for deployment of U.S. military assets.”

Secretary of Defense  
Robert Gates, 2010

---



---

“The ultimate importance to the United States of our security and development assistance programs cannot be exaggerated. The programs and activities provided for in these bills will enable the United States to continue its contribution to the achievement of a secure and stable international environment.”

President Ronald Reagan, 1981

---