

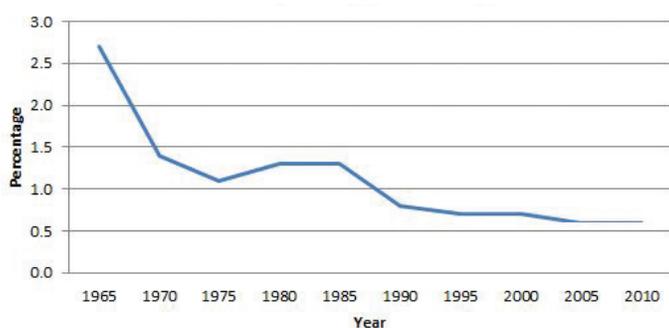
The Evidence on U.S. Investments in Foreign Aid

The U.S. invests in foreign aid for both humanitarian and pragmatic reasons. From a moral standpoint, the U.S. supports evidence-based strategies to relieve human suffering. By assisting countries that are less developed than the U.S., our nation also helps foster stable societies with which we are able to partner on economic, security, and diplomatic issues. Benefits from foreign aid flow both ways—to the developing countries that receive assistance, as well as to the U.S.

Foreign aid accounts for about one percent of the federal budget

Cuts in foreign aid spending would not make a meaningful contribution to deficit reduction. Foreign aid accounts for only about one percent of U.S. government spending,¹ with poverty-focused development and humanitarian spending representing roughly 0.5 percent of federal outlays.² The share of the federal budget allocated to foreign assistance has substantially declined over time, falling by almost 80 percent since 1965.³

International Assistance Programs as a Percentage of Federal Spending (1965-2010)



Source: Center for Global Development

Foreign aid reduces poverty and promotes economic growth and international development

Studies correlate foreign assistance with economic growth in recipient countries, indicating that U.S. foreign aid helps build the vital infrastructure that countries need to thrive.⁴ Although

different types of foreign aid programs (e.g., health) have in some cases prompted countries to focus national resources on other areas (e.g., non-health programs), evidence indicates that the overall effect of foreign assistance is to galvanize increased domestic contributions for health, education, and other programs to improve the well-being of populations.^{5, 6}

“Foreign aid must be viewed as an investment, not an expense.”

—Rep. Kay Granger (R-TX)

U.S. foreign aid results in real benefits for people in the world’s poorest countries. Annually, U.S. assistance prevents 230,000 infants from becoming infected with HIV,⁷ purchases malaria treatments for nearly 39 million people and more than 23 million insecticide-treated bed nets to prevent malaria,⁸ and reaches 65 million hungry and malnourished people with essential food and nutrition support.⁹ On average, the U.S. responds to 70 humanitarian disasters a year,¹⁰ and since 1975 has settled more than three million refugees.¹¹

Foreign aid promotes America’s security

Through foreign aid, the U.S. is able to address societal challenges before they turn into security crises. As former Defense Secretary Robert Gates and former Chairman of the Joint Chiefs of Staff Admiral Mike

Mullen advised, “Political instability and threats to the United States develop in nations where individuals have few economic opportunities.”¹² President Reagan characterized foreign aid as “an essential complement to our defense effort” and a direct security benefit to the U.S.¹³ As the largest financial contributor to international peacekeeping missions, the U.S. helps keep the

“Foreign aid is essential to U.S. interests around the world, and it is also a moral responsibility of the wealthiest, most powerful nation.”

—Sen. Patrick Leahy (D-VT)

peace in strife-torn regions and helps countries recover from conflict.¹⁴ Foreign aid programs support counterterrorism efforts, destroy dangerous weapons (such as mines, small arms, or shoulder-fired missiles), and train law enforcement agents.¹³ The powerful security potential of U.S. foreign aid is illustrated in Vietnam, where it has helped convert a former enemy into a genuine partner in one of the world's most strategically important regions.¹³

Foreign aid is in America's economic interest

Businesses that export goods provide one in every five American jobs.¹² Already, the poorest two-thirds of the world's population accounts for \$5 trillion in purchasing power.⁴ Every indication suggests that the economic power of low- and middle-income countries will only increase in the coming years, as economic growth in developing countries vastly outpaces growth in industrialized countries.^{15, 16} Foreign aid has laid the groundwork for mutually beneficial trading relationships; 11 of America's top 15 trading partners were once recipients of U.S. foreign aid.²

“Foreign aid is important. If it's done right, it spreads America's influence around the world in a positive way.”

—Sen. Marco Rubio (R-FL)

The effectiveness and efficiency of U.S. foreign aid is increasing

In the past, critics have questioned the effectiveness and efficiency of some foreign aid programs.¹⁷ In response to these concerns and to ensure the effectiveness of its foreign assistance, U.S. programs are increasingly taking a results-based approach, setting clear, time-bound targets and rigorously monitoring program performance to ensure that targets are met. The U.S. President's Emergency Plan for AIDS Relief (PEPFAR), for example, has established concrete targets for the scale-up of HIV prevention and treatment programs and recently unveiled a strategic “Blueprint” to accelerate progress toward an “AIDS-Free Generation.”¹⁷ According to a recent review of major international health and development donors, the U.S. Agency for International

Foreign aid has laid the groundwork for mutually beneficial trading relationships; 11 of America's top 15 trading partners were once recipients of U.S. foreign aid.

Development (USAID) has the best evaluation policy of any donor agency in the world, enabling the U.S. to clearly demonstrate the impact of its development programs.¹⁸

Foreign aid enhances U.S. diplomacy

In addition to reducing poverty, promoting economic growth, and fostering stability, foreign assistance also spreads American influence throughout the world and enhances America's reputation and standing. Sub-Saharan Africa, for example, is a region where national economies are rapidly growing and where U.S. health assistance is focused. The only two sub-Saharan African countries included by Pew in a survey of global attitudes gave the U.S. the highest approval ratings of any of the 25 countries surveyed.¹⁹

Foreign aid enjoys broad bipartisan support

Support for foreign aid extends across partisan boundaries, uniting Americans of diverse viewpoints and creeds. As John McCullough, director of Church World Service, advised, “Responding to hunger and poverty is not a partisan issue ... it is a moral issue that people of faith, across the political spectrum, agree upon.”²⁰ Every U.S. President since Dwight Eisenhower, both Democrat and Republican, has strongly supported robust foreign aid, with President George W. Bush launching the largest health assistance program in history devoted to a single disease, the President's Emergency Plan for AIDS Relief (PEPFAR).¹

Cuts in foreign aid would undermine U.S. leadership on international development

Although cuts to foreign aid spending would make no appreciable contribution to deficit reduction due to the relatively small expenditures involved, they would most certainly inflict enormous damage on the world's poorest and most vulnerable countries.

References

- 1 Norris J (2011). Five myths about foreign aid. *Washington Post*. Apr. 28. Available: http://articles.washingtonpost.com/2011-04-28/opinions/35231618_1_foreign-aid-foreign-assistance-act-aid-programs.
- 2 Interaction (2011). Choose to Invest in Foreign Assistance.
- 3 Center for Global Development (2012). Foreign Assistance & the U.S. Budget. Available: http://www.cgdev.org/section/initiatives/_active/assistance/budget.
- 4 Initiative for Global Development (2010). The Business Case for Foreign Aid Reform.
- 5 Paul Mosley, John Hudson, and Arjan Verschoor (2004) "Aid, Poverty Reduction and the 'New Conditionality,'" *The Economic Journal* 114.
- 6 Karuna Gomanee and Oliver Morrissey, (2002) "Evaluating Aid Effectiveness Against a Poverty Reduction Criterion," DESG Conference, Nottingham, April 2002.
- 7 U.S. Department of State (2012). PEPFAR Blueprint: Creating an AIDS-Free Generation.
- 8 President's Malaria Initiative (2012). PMI Sixth Annual Report. Available: <http://www.pmi.gov/about/results.html>.
- 9 USDA, USAID (2011). U.S. International Food Assistance Report 2010.
- 10 USAID (2011). Office of U.S. Foreign Disaster Assistance: Annual Report for Fiscal Year 2011.
- 11 Office of Refugee Resettlement (2012). Quick Facts. Available: <http://www.acf.hss.gov/programs/orr/quick-fact>.
- 12 Williams CP (2011). The Case for Foreign Aid, From the 2011 Care National Conference. Mar. 9. Available: <http://conorwilliams.wordpress.com/2011/03/09/the-case-for-foreign-aid-from-the-2011-care-national-conference/>.
- 13 Kerry J (2012). The Conservative Case for Foreign Aid. *Wall Street Journal*. Feb. 29. Available: <http://online.wsj.com/article/SB10001424052970204653604577247192502863590.html>.
- 14 United Nations (2012). Financing Peacekeeping. Available: <http://www.un.org/en/peacekeeping/operations/financing.shtml>.
- 15 Norris F (2012). A Global Perspective: More Economic Slowing. *New York Times*. Oct. 12. Available: <http://www.nytimes.com/2012/10/13/business/economy/imf-sees-economic-growth-faltering-worldwide.html>.
- 16 United Nations (2012). World Economic Situation and Prospects 2012: Update as of mid-2012. Available: http://www.un.org/en/development/desa/policy/wesp/wesp_archive/2012wespupdate.pdf.
- 17 Easterly W (2007). The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good.
- 18 Birdsall N et al. (2012). The Quality of Official Development Assistance Assessment 2009: Is Aid Quality Improving? Brookings Institution and Center for Global Development.
- 19 Pew Global Attitudes Project (2009). 25-Nation Pew Global Attitudes Survey. Available: <http://www.pewglobal.org/files/pdf/264.pdf>
- 20 Stearns RE (2011). Evangelicals and the Case for Foreign Aid. *Wall Street Journal*. Nov. 11. Available: <http://online.wsj.com/article/SB10001424052970204190704577026391811161000.html>.

amfAR

MAKING AIDS HISTORY

amfAR, The Foundation for AIDS Research

www.amfar.org

Public Policy Office
1150 17th Street, NW
Suite 406
Washington, DC 20036
USA
+1.202.331.8600