

## Foreign Development and Humanitarian Aid

U.S. foreign aid has earned high marks for effectiveness and has the support of many military officials, but its level (when measured as a share of the economy) is far below that of other developed countries and the agreed-upon international goal for addressing the world's development problems. Also, U.S. funding levels have fallen even further behind other countries since 2010, even though extreme poverty and the severe living conditions that result still harm hundreds of millions of people around the world.

U.S. development and humanitarian aid covers areas such as bilateral development aid, global health challenges, contributions to multilateral institutions that can be used for development aid, food aid, emergency relief, migration and refugee assistance, the Peace Corps, and efforts to combat the drug trade. Federal funding for programs in the international development and humanitarian assistance part of the budget, which constitute the heart of U.S. foreign aid, stood at \$29.2 billion in 2017.<sup>54</sup> While a slight increase from its 2010 level, spending on these programs amounts to a tiny fraction of total federal spending — less than 1 percent.

The Organisation for Economic Co-operation and Development (OECD) produces widely used information that compares the Official Development Assistance (ODA), which funds “economic development and welfare of developing countries,” provided by 29 developed nations. (See Figure 13.) The latest OECD data show that U.S. ODA spending totaled \$33.6 billion in 2016,<sup>55</sup> and that:

- The United States is the world's largest donor in *absolute* dollars, contributing one-third more than Germany, the second-largest donor. But that isn't the best measure. The United States can afford to donate far more, just as a wealthy person can contribute considerably more dollars to charity than a low- or moderate-income person. The U.S. economy is more than five times the size of Germany's. Thus, Germany contributes 0.7 percent of its economy to ODA — nearly four times the 0.18 percent the United States contributes.
- Accordingly, international comparisons typically focus on aid as a percent of the economy as a measure of a nation's commitment to providing ODA to poorer countries. The United States ranks 22<sup>nd</sup> out of the 29 countries OECD examined in ODA spending as a percent of the economy, lagging all of the other most highly industrialized countries: Canada, France, Germany, Italy, Japan, and the United Kingdom.
- The U.S. ODA contribution of 0.18 percent of its economy compares to a 0.32 percent contribution by the 29 countries as a whole. The United States would need to increase its spending by three-quarters to achieve that 0.32 percent level.
- The gap between the U.S. commitment and that of other high-income nations has grown since 2010, as U.S. ODA has fallen as a percent of the economy while the aggregate ODA of other countries has risen modestly.

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<sup>54</sup> Figure reflects the budget category called subfunction 151.

<sup>55</sup> For data, see Organisation for Economic Co-operation and Development (OECD), “Compare Your Country: Official Development Assistance 2016,” <http://www2.compareyourcountry.org/oda?cr=oeed&lg=en>. The spending figure from OECD differs from the funding level for programs in subfunction 151 due to differing definitions.

Since 1970 the international community has targeted 0.7 percent as the share of their economies that rich nations need to commit to reach international development goals. Six countries (including Germany and the United Kingdom for the past four years) now meet this U.N. target; the U.S. commitment level is little more than one-quarter of this standard.

The development needs of the global poor remain dramatic, even though development aid has contributed to a sharp reduction in “extreme poverty” in recent decades.<sup>56</sup> In its description of its sustainable development goals, the United Nations notes that 836 million people still live in extreme poverty, with incomes of less than \$1.25 a day, and that nearly 1,000 children die every day due to *preventable* water and sanitation-related diseases.<sup>57</sup> Further, the famine threatening the Horn of Africa — which has produced the largest humanitarian crisis since at least 1945, with an estimated 20 million people at risk of starvation — dramatically underscores the need for foreign aid.<sup>58</sup>

The Center for Global Development finds that the United States is particularly effective at targeting its aid on poor countries and being transparent about its efforts.<sup>59</sup> In addition, U.S. military officials are among the strongest supporters of U.S. development aid because it helps address the root causes of many conflicts. As 121 retired generals and admirals wrote congressional leaders earlier this year:<sup>60</sup>

The State Department, USAID, Millennium Challenge Corporation, Peace Corps and other development agencies are critical to preventing conflict and reducing the need to put our men and women in uniform in harm’s way. As [current Defense] Secretary James Mattis said while Commander of U.S. Central Command, “If you don’t fully fund the State Department, then I need to buy more ammunition.” The military will lead the fight against terrorism on the battlefield, but it needs strong civilian partners in the battle against the drivers of extremism — lack of opportunity, insecurity, injustice, and hopelessness.

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<sup>56</sup> Sarah Rose, “Some Answers to the Perpetual Question: Does US Foreign Aid Work – and How Should the US Government Move Forward with What We Know?” Center for Global Development, April 25, 2017, <https://www.cgdev.org/publication/some-answers-perpetual-question-does-us-foreign-aid-work>.

<sup>57</sup> See goals 1 and 6 in: United Nations, “Sustainable Development Goals: 17 Goals To Transform Our World,” <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

<sup>58</sup> Faith Karimi, “20 million at risk of starvation in world’s largest crisis since 1945, UN says,” CNN, March 12, 2017. <http://www.cnn.com/2017/03/11/africa/un-famine-starvation-aid/>.

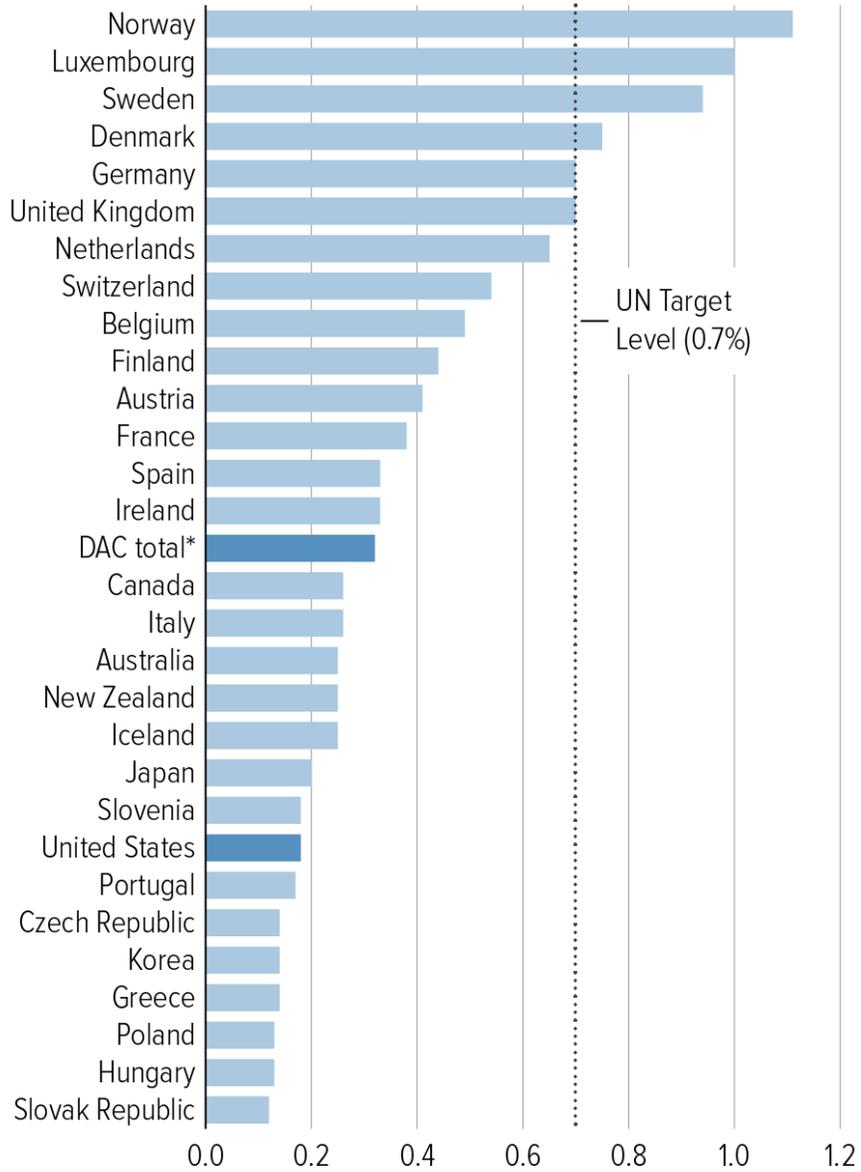
<sup>59</sup> Center for Global Development, “United States — Commitment to Development Index,” <https://www.cgdev.org/cdi-2016/country/USA>.

<sup>60</sup> General Keith B. Alexander *et al.*, “Letter to the Honorable Paul Ryan, the Honorable Nancy Pelosi, the Honorable Mitch McConnell, and the Honorable Chuck Schumer,” February 27, 2017, [http://www.usglc.org/downloads/2017/02/FY18\\_International\\_Affairs\\_Budget\\_House\\_Senate.pdf](http://www.usglc.org/downloads/2017/02/FY18_International_Affairs_Budget_House_Senate.pdf).

FIGURE 13

## U.S. Spends Far Less on Official Development Assistance Than Other Advanced Economies

Government spending as a percent of gross national income, 2016



\*The Development Assistance Committee (DAC) is an Organisation for Economic Co-operation and Development (OECD) forum for major bilateral providers of development assistance.

Source: OECD