

THE UNITED STATES AND DEVELOPING COUNTRIES: *Partnering for Growth*

“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

The United States is deeply committed to helping developing countries successfully develop through trade and assistance. The best engine of economic growth is the trade that follows responsible political and economic reforms. Foreign assistance is most effective when directed to nations that make these necessary reforms.

Development through Trade

The U.S. is the leading importer of goods from developing countries, importing \$400 billion in goods in 2005. The U.S. is also the largest donor of trade capacity building (TCB) assistance, which helps countries build the technical and institutional capacity to reap the benefits of trade. In 2005, the U.S. provided \$1.34 billion in TCB assistance, twice the amount of any other donor country.

Targeted Foreign Assistance: The Millennium Challenge Account

In 2004, President Bush established an innovative mechanism for providing development assistance, the Millennium Challenge Account (MCA). The MCA supplements existing assistance programs for nations with a record of progress on governing justly, promoting economic reform, and investing in people’s health and education. The Millennium Challenge Corporation has signed Compacts with 9 countries, and has appropriated \$4.3 billion to fund country-designed development projects in these and future qualifying countries.

Improving Health Helps Development: HIV/AIDS Programs

President Bush’s Emergency Plan for AIDS Relief (PEPFAR) continues to fight the pandemic in Africa, Asia and the Caribbean. In partnership with host nations, funding of \$2.7 billion in 2005 supported prevention outreach to 42 million people; the counseling and testing of over 9.4 million people;

The U.S. Record

The U.S. is the world’s largest single country donor of foreign aid. Official development assistance nearly tripled from \$10 billion in 2000 to \$27.5 billion in 2005, including:

- \$2.7 billion in HIV/AIDS funding through the President’s Emergency Plan for AIDS Relief in 2005
- \$7.8 billion in bilateral humanitarian relief and reconstruction assistance in 2005

distribution of anti-retroviral treatment to over 471,000 individuals worldwide; and care for nearly 3 million people, including over 1.2 million orphans and vulnerable children and over 1.7 million people living with HIV/AIDS.

Recovering After Disaster: Humanitarian and Reconstruction Assistance

Total U.S. funding for humanitarian and reconstruction assistance was \$7.8 billion in 2005. The U.S. is the largest donor country of official humanitarian aid for victims of famine, war and natural disasters. The U.S. also provides major resources for ongoing reconstruction efforts to help nations recovering from conflict and natural disasters.



Freeing Capital for Investment: Debt Forgiveness

At the G8 summit in 2005, the U.S. led efforts to gain G8 approval for what is now the Multilateral Debt Relief Initiative for Heavily Indebted Poor Countries. This bold initiative could result in the elimination of up to \$60 billion of debt over 40 years. Additionally, the U.S. government cancelled more than \$4 billion in bilateral debt during 2005.

Building Blocks for Prosperity: Peace and Security Cooperation

U.S. spending on overseas security programs increases stability and creates an environment for sustainable economic growth and poverty reduction. In FY 2005, U.S. security assistance was \$5.6 billion, with an additional \$1.1 billion spent for UN peacekeeping activities.

