

Poverty-Focused Development Aid

ISSUE: Foreign aid that fights poverty

In poor countries around the world, hundreds of millions of people rely on financial support from wealthy governments, international institutions, and private donors to provide for basic human needs like clean water, medicine, textbooks and food. Known as “**development aid**,” these resources have allowed many poor countries to invest in the health and well-being of their people. **The Millennium Development Goals (MDGs) challenge rich countries to expand and improve development aid as part of a comprehensive investment in poverty reduction that also includes debt cancellation and fair-trade rules.**

Unfortunately, development aid has not always worked as it should. In many cases, rich countries have awarded aid to strategic allies rather than to countries struggling with poverty, or have tied development aid to conditions that do not serve the goal of poverty reduction. In other cases, poor-country governments have wasted the money or used it for purposes for which it was not intended. These past successes and failures have taught the world several important lessons. First, development aid needs to be designed to ensure its effectiveness and proper use. Second, aid needs to be tailored to ensure that poverty-reduction is its primary objective. Third, development aid needs to be targeted at emerging challenges or problems that have historically been ignored in the fight against poverty like the economic empowerment of women, the survival of orphans and vulnerable children, or the effects of climate change on poor communities around the world. Finally, aid levels need to be expanded significantly. **This is the vision of poverty-focused development aid set forth in the MDGs.**

BACKGROUND

For more than 40 years, the international community, including the United States, has recognized that development aid is key to human empowerment in poor countries. Rich countries repeatedly have set common targets for development aid, but routinely have fallen short of their promises. Additionally, a great deal of foreign aid has been “tied” to the interests of the donor country, meaning that recipient countries are forced to spend a portion of it buying goods and services from the donor country that may be unneeded or come at too high a cost. This practice significantly diminishes the efficacy of development aid.

In 2005, leaders of the world’s eight most industrialized nations – the so-called G8 – agreed to devote \$50 billion in new money to fighting poverty before 2010. This was a good start, and world leaders must keep their \$50 billion promise but also must make new and bolder commitments if the MDGs are to be met.

Americans are a generous people, as demonstrated by the outpouring of personal resources in response to natural disasters and their giving to private charities. Americans want their government to be as generous as they are, and often are surprised to learn that for every \$100 in the U.S. budget, less than 50 cents is spent fighting global poverty.

U.S. POLICY: Toward an additional ONE percent

The past seven years have seen significant strides in U.S. poverty-focused development aid. The historic 2003 Global AIDS bill committed \$15 billion in new money to fight disease and has helped save millions of lives around the world. The Millennium Challenge Corporation (MCC), an initiative created by the President in 2002 to empower well-governed poor countries to develop their own poverty-reduction strategies, is now funding creative life-saving

projects in Africa. (See box on next page.) Overall, U.S. aid to Africa stands at three times the level it did in 2000, a historic high.

Still, U.S. aid levels lag well below those of many other industrialized countries. Even as Congress and the President have multiplied funding for exciting new initiatives like the HIV/AIDS bill and the MCC, funding for other key accounts – maternal and child health, child survival, and other traditional development-assistance programs – has been stagnant or seen cuts. **Moreover, new money is needed for solutions to poverty like women’s empowerment, the needs of orphans and vulnerable children, and the effects of climate change on poor countries around the world. Legislation on each of these, and other often-ignored challenges, has been pending in Congress for years with no action.**

Times are tight domestically in the U.S., and the 2009 budget deficit is expected to hit record highs. Even in the midst of such an economic climate, however, foreign aid remains vital not just to the humanitarian character of the United States, but to our nation’s own security and economic interests in the world. For this reason, Episcopalians and other people of faith, along with millions of anti-poverty advocates in the United States, have urged that the U.S. government move toward a “fair share” contribution of the development-aid resources needed to meet the MDGs. As the U.S. represents about one-third of the global economy, a fair-share contribution to the MDGs would be about one-third of the total cost. How much would such a sum be? Surprisingly, not as much as some people think. If the U.S. were to devote an additional **ONE percent** of its budget each year to fighting poverty (bringing total expenditures to less than \$1.50 out of every \$100 spent), it would lead the world in achieving the MDGs. **ONE percent could prevent 10 million children from becoming AIDS orphans; put 104 million children into grade school; provide water to almost 900 million people around the world; and save the lives of almost 6.5 million children destined to die before their fifth birthday.**

WHAT YOU CAN DO

Join the ONE Episcopalian campaign at www.episcopalchurch.org/ONE. You will receive messages urging you to e-mail your lawmakers in support of poverty-focused development aid. Your voice, along with the voices of the 2.4 million other Americans who have joined the ONE Campaign, is the way through which the United States will help lead the world in making poverty history. If you’re interested in deeper engagement in the ONE Episcopalian campaign in your local community, send an email to Alex Baumgarten at abaumgarten@episcopalchurch.org.

SPOTLIGHT: The Millennium Challenge Corporation

The Millennium Challenge Corporation (MCC), an innovative new approach to fighting poverty and development aid announced by President Bush in 2002, is designed to deliver substantial new resources to poor countries committed to good governance and poverty reduction. Plans for poverty reduction are designed by participating countries in cooperation with their citizens and then agreed to in a “compact” with the MCC. Country eligibility is based on income and a series of 16 indicators for measuring the country’s commitment to good and transparent governance, economic freedom and investing in its people.

The MCC’s commitment to putting control of poverty reduction in the hands of poor people holds great promise and deserves the most robust funding possible. The program is new and some growing pains remain, but it is succeeding and deserves full funding from Congress, though not at the expense of other traditional development-aid programs that are meeting needs the MCC is not designed to address.

GENERAL CONVENTION RESOLUTIONS RELATED TO DEVELOPMENT AID

In 2003 and 2006, the General Convention endorsed the Millennium Development Goals through resolutions D006 and D022, respectively. The Anglican Communion also has endorsed increased development aid and the MDGs in several settings, including the 1998 Lambeth Conference, resolutions of the Anglican Consultative Council, and by communiqué of the Primates’ Meeting.