

If You Talk the Talk, You Gotta Walk the Walk

Chuck Woolery

The idea that the United States is the principal leader of the world is ingrained in our political culture and beliefs, and can be viewed as a reasonable description of the world today. The problem is that the United States is abdicating its leadership role with respect to people of the south, who are, depending on how you count it, a majority, or a significant minority, of the people of the world. It doesn't bode well for our world leadership!

The U.S. Congress, in the 1996 foreign aid appropriations bill, drastically reduced U.S. development assistance funding directed to poor people, with an overall reduction of approximately 30 percent. The United States, already the worst of 21 developed countries in development assistance as percentage of gross national product, as Figure 1 shows, will see this already minuscule percentage (.15 of one percent of GNP in 1993 and this includes aid to Israel and Egypt!) drop substantially for 1996. This is disengagement from the problems of the people of the world—who should be our allies—in a major way. An old expression to describe this situation is: Put your money where your mouth is. A newer one is: If you talk the talk, you got to walk the walk.

Most programs were affected. UNICEF, the United States Agency for International Development (USAID) child survival programs and PL 480 Titles II and III were among only a few development assistance programs spared large cuts. Assistance to Israel and Egypt was completely protected from budget cuts.

Bilateral Development Assistance

The Inter American Foundation (IAF) and the African Development Foundation (ADF), two United States agencies that have been in the forefront

of reaching out to poor communities and people, had their funding cut by more than 30 percent. U.S. funding for the IAF went from \$30.9 million in 1995 to \$20 million in 1996; for the ADF, from \$16.9 million to \$11.5 million.

USAID development assistance funding was cut by 24 percent.

USAID child survival assistance was protected at near 1995 levels—at least that was the intention of Congress—with the result that other funding will need to be reduced by even more than the 24 percent cut in overall USAID development assistance funding, or approximately 30 percent.

The Development Fund for Africa (DFA) was ended as a specific program of USAID development assistance. Funding for Africa will continue in spite of the end of the DFA, but will be reduced by 24 percent or more. USAID

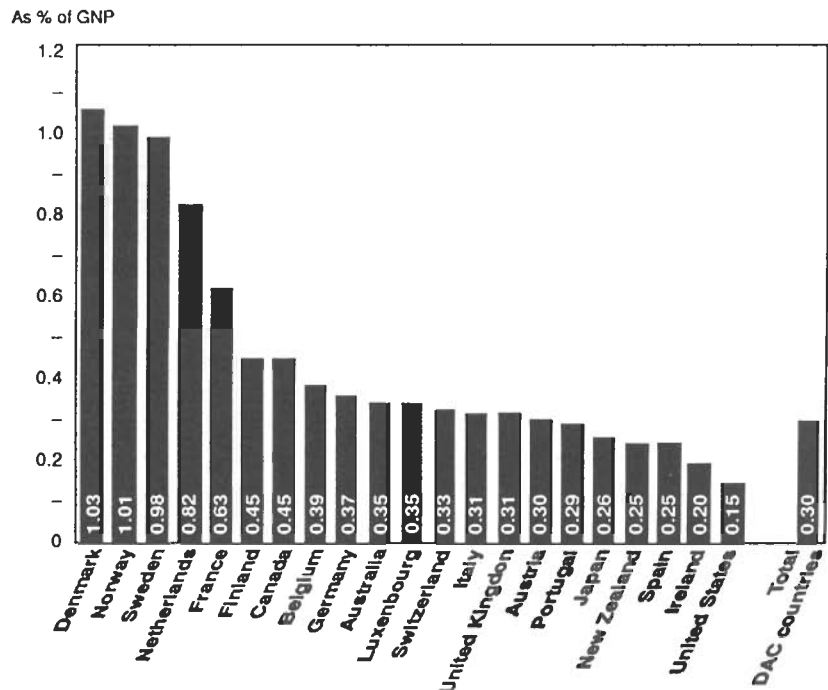
Congress's preference is for any amount of money for military uses and in every other respect a sharp turning away from the world.

The budget paints a picture of an America interested in being the world's policeman and little else.

Jessica Mathews,
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has been asking for an end to "functional accounts" or "earmarks," such as the DFA, in the name of greater flexibility in allocating resources, and USAID's request was mostly granted. (USAID did not want the earmark for child survival assistance, which was established by

Net Official Development Assistance in 1993 as a percentage of Gross National Product



Source: *Development Cooperation: 1994 DAC Report*. Organization for Economic Cooperation and Development

Congress.) The absence of functional accounts means that the size of cuts to specific programs will not be known until USAID makes the cuts. Indeed it is not clear to what extent USAID will collect or release information on specific areas. (The end to functional accounts combined with the large cut in USAID funding, led one observer to describe USAID's allocation process this year as "rearranging deck chairs on the Titanic." One has to ask if merging every form of development assistance into one big account is the way to generate public and institutional support for foreign aid. For example, do people who support micro-enterprise credit want to support a development assistance budget which is hundreds of times larger, and often used in large amounts for foreign policy goals other than assisting poor people, such as supporting Guatemalan governments.)

USAID funding for family planning assistance was cut by approximately 30 percent or about \$200 million. Spending cuts will be even deeper however, according to Nils Daulaire of USAID. USAID will not be able to spend any of its family planning appropriation until July, and then only at the rate of 6.7 percent a month. As the fiscal year ends September 31, this means that only a small fraction of the appropriation can be spent by year end, and can easily result in a greater than 35 percent cut in spending. The funds needn't all be spent this year however. Key here is the size of the current "pipeline"—funds obligated, but not yet spent, and the extent to which this can soften the effect of the restriction. This restriction on spending is the outcome of a dispute between supporters of family planning and those for whom family planning is less desirable, a dispute which held up passage of the foreign aid appropriations bill for many months. Though U.S. policy has prohibited U.S. funding for abortions abroad for many years, stronger controls, a return to what is referred to as the "Mexico City

Policy," was desired by the one side. The final Congressional agreement reduced family planning funding, but did not return to the Mexico City Policy.

Multilateral Development Assistance

Funding for the International Development Association (IDA), the part of the World Bank that makes low interest rate loans to the poorest countries, was reduced from \$1,175 million in 1995 to \$700 million for 1996, a cut of 40 percent. The African Development Bank received no funding at all, the Inter-American Development Bank was cut by 46 percent and the Asian Development Bank by 33 percent.

Funding for the United Nations Development Program (UNDP), the World Food Program, the United Nations Population Fund (UNFPA) and other international organizations was cut from \$374 million in 1995 to \$285 million in 1996, a cut of 24 percent. As UNICEF funding was maintained as part of the child survival earmark, funding cuts for other international organizations will be greater, more than 30 percent.

The International Fund for Agricultural Development (IFAD) is at the end of its three year funding cycle. After two years of donor negotiations, the United States has still not pledged for the next three year funding cycle, even though it has indicated that it will participate. In the 1996 foreign aid appropriations bill, Congress recommended \$30 million for IFAD, the same level as previous years. At presstime, it remained to be determined whether the United States will



This young Bolivian woman in the province of Chuquisaca is carrying on her village's traditional weaving skills. Learning these skills and finding markets for the weavings for this and many other villages has been assisted by a grant from the Inter-American Foundation, which has had its U.S. funding reduced by 30 percent. Photo: Kevin Healy

pledge the same level of funding as past years, especially in light of drastic cuts being made elsewhere in foreign assistance. If the U.S. reduces its pledge, the response from other donors will not be favorable.

Food Aid and Refugee Assistance

Funding for the humanitarian assistance portions of PL 480, the U.S. food assistance program, remained unchanged, although both increased needs for food aid for humanitarian crises, and rising grain prices will cause difficulties. U.S. funding for refugees through the State Department was continued unchanged. USAID international disaster assistance, however, was cut from \$200 million in 1995 to \$181 million for 1996. □

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