1. The Development Assistance Committee (DAC) of the OECD met on 15th December 1994 to review the development co-operation policies and programme of the United States. The United States Delegation was led by Mr. Colin Bradford, Assistant Administrator, Bureau for Policy and Program Coordination, United States Agency for International Development (USAID). The examining countries were Australia and Japan.

2. The Chair of the DAC, Mr. James H. Michel, summarised the main points emerging from the review as follows:

-- The Committee explored the way US foreign assistance policies are being defined and articulated to meet the challenges and opportunities of the post-Cold War world. The domestic concerns and interests of the US and other developed countries are ever more closely linked to development progress (including its contribution to conflict resolution and avoidance), and to successful economic and political transition in a range of countries. Against this background, the US Administration is seeking to create a new national consensus on the role and shape of the US aid programme. DAC Members will follow closely the public debate on the objectives and management of development assistance, including in the new Congress.

-- USAID is being "reengineered" to focus to a greater extent on the results and effectiveness of aid and to streamline its operations. The achievements of the United States aid programme are highly regarded by the international development community. USAID has led the way in many aspects of sustainable development, including in the key areas private sector development and good governance (embracing participatory development, democracy-building, human rights and judicial reform). It has pioneered in such fields as child survival.
-- The Committee recognised the leadership demonstrated by USAID in its aid policy and management reforms and is hopeful that they will strengthen the confidence of the US public, Congress and the Administration in the American aid programme. The Committee looks forward to assessing the impact of the reengineering and reforms at the next US Aid Review, and in particular to confirm that the results-oriented approach has reinforced USAID’s effectiveness and its traditional strengths in long-term institution-building and policy reform.

-- While American public opinion responds readily to the humanitarian needs of the rest of the world, public and political support for the aid budget is increasingly in question. Members of the Committee expressed their apprehension that proposals may be presented in the new Congress which call for major cut-backs in US aid. Such a turning away by the US from the common effort for development which it inspired over 30 years ago would be all the more serious because a declining United States aid volume poses a risk of undermining political support for development co-operation in other DAC countries, thus compromising the collective international donor effort to build human security and well being.

-- Attitudes in the US towards the aid programme may be explained in part by indications that the public greatly overestimates the share of foreign assistance in the US Federal budget. A recent poll showed that the majority of respondents believe it to be around 20 per cent of total US Government spending while in fact USAID spending represents less than one-half of 1 per cent of the US budget in fiscal year 1994.

-- In absolute terms, the United States is the second largest donor of ODA after Japan. In terms of the share of national income, however, the United States makes the lowest aid effort among DAC Members. On the key ODA burden-sharing measure, the ODA/GNP ratio of the US dropped in 1993 to 0.15 per cent (compared to 0.20 per cent in 1992) or just half the DAC average. The per capita annual tax burden for ODA is about $40 for Americans, compared with more than $270 paid by citizens of those DAC countries with the highest ODA/GNP ratios (1992/93).

-- As for ODA volume, US aid disbursements fell in 1993 by some $2 billion or 19 per cent in real terms to $9.7 billion. Some $1.2 billion was disbursed in 1993 to the countries in Eastern Europe and to the New Independent States of the ex-Soviet Union (NIS) many of which are in the non-ODA part of the DAC List of Aid Recipients.

-- Budgetary decision making in the United States is not framed in terms of the concept of Official Development Assistance (ODA) as it is in most other DAC countries. The Committee suggested that US authorities might consider providing either within or alongside existing budget presentations, a concise "Development Co-operation Budget" of aid expenditures. Such a presentation could play a role in informing Congress and the American public of the shape and magnitude of US development assistance efforts.
-- The Committee welcomed the intention of the US to pay arrears to the United Nations (UN) system and to multilateral concessional financial facilities over the next few years. The Committee was concerned, however, that these plans should not result in a reduction in US contributions to future financing of these agencies and facilities. This would shift the burden to other DAC Members. It might also have serious consequences for upcoming replenishments of the World Bank’s International Development Association (IDA) and the concessional facilities of the regional development banks.

-- The Committee welcomed the new procedures for seeking broad coordination of all federal programmes relating to development and emergency assistance through the annual budget review process, under a set of major objectives. It is hoped that this will assist in the development of a more integrated approach to foreign assistance objectives and strengthen the role of USAID in overall foreign assistance policy and programming.

The summary and conclusions of the DAC review will be published together with the report prepared by the OECD Secretariat on the United States’ aid programme.