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Addressing the Millennium Challenge Goals

In September 2000, at the Millennium Summit, 147 heads of state and government, and 189 nations in total, agreed to join forces to halve poverty and hunger, provide equal access to education, reduce maternal and infant mortality, halt and reverse the spread of HIV/AIDS and other major diseases, provide special assistance to children orphaned by HIV/AIDS, and to improve significantly the lives of the poor.

Today, five years after that historic meeting, while much remains to be accomplished, progress has been substantial.

The Millennium Summit gave the political impetus for reform, but the United Nations-sponsored International Conference on Financing for Development held in Mexico two years later, spelled out the recipe for successful development - the Monterrey Consensus. At that meeting, the world's leaders embraced good governance, domestic ownership of development strategies, trade, and private investment as key elements of economic growth and prosperity.

In Africa, for example, many leaders are now working through NEPAD - the New Partnership for Africa's Development - linking poverty eradication to policies that promote sustainable growth and trade, good governance, and the fight against corruption.

The United States has increased its official development assistance even beyond President Bush's 2002 Monterrey pledge. Since 2000, American assistance has nearly doubled, rising from \$10 billion to \$19 billion in 2004. That constitutes one-quarter of the ODA from the 30 industrialized member countries of the Organization for Economic Cooperation and Development.

History has shown, however, that no amount of financial assistance will ensure development unless it is used effectively. Better donor coordination can help, but even more important are recipient governments' policies and commitment to eliminate corruption.

President Bush created an innovative new financing mechanism - the Millennium Challenge Account - to help developing countries that govern justly, invest in their people, and encourage economic freedom — to "reduce poverty through growth."

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MCA countries choose their own priorities, develop and implement their own programs and agree up front in a Compact on how to measure success. So far, seventeen countries are eligible for MCA Compact assistance. Thirteen additional countries that are committed to undertaking the policy reforms necessary to eventually qualify for MCA funding are eligible for a Threshold program. The Millennium Challenge Corporation has already committed nearly 1 billion dollars to five countries with MCA compacts.

The U.S. Agency for International Development has tried to take advantage of new sources of development assistance in recent years, joining forces with socially responsible private sector organizations in our Global Development Alliance. Using our traditional development assistance in new ways, since 2002, we have invested \$1 billion in 290 public-private alliances in 98 countries, while our private sector partners have contributed more than \$3.7 billion in total resources. Concurrently, USAID has also provided over 1 billion dollars in partial credit guarantees to private financial institutions in over 40 countries. Mobilizing local private financing for national development represents an enormous source of potential revenue.

Trade is also a critical avenue for promoting development. Through the African Growth and Opportunity Act, or AGOA, the United States is helping African economies seize the opportunities of trade. And through U.S. trade capacity building initiatives, totaling 921 million dollars in 2004, we are helping countries create the conditions to be successful.

Without trade, there can be no sustained economic growth. Without economic growth, tax revenues will not grow. And without tax revenues, improved public services are not sustainable. Development assistance is a catalyst for growth, but the primary engine of economic expansion and transformational development is sound policies at the national level and accountable government.

Foreign aid must also be used to help countries address the underlying causes of humanitarian and complex emergencies, while it provides immediate relief to people in need. This means building development components into our relief efforts so that we may effectively put an end to dependency. Without this, the cycle of poverty will not be broken and risks being exacerbated.

Ending poverty is a serious challenge, not a slogan. Building effective and equitable economic institutions requires reform. It takes time and sustained commitment. Many countries have begun this process and are constructing a new future for themselves. The United States is helping generously those who are committed to helping themselves.

Today's reconfirmation of the Monterrey partnership reaffirms our shared commitment to economic growth and sound governance. Expanding freedom and

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opportunities for all citizens is the surest way to lift entire societies out of poverty and despair.

Thank you, Mr. President.