

Good Business Practices and Economic Growth:



The Role of USAID in Private Sector
Development

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Foreign Aid in the National Interest

The FANI Report, 2002

- Harmonize Foreign Policy and Development Goals
- Foreign Assistance will be a key instrument of foreign policy in the coming years
- Focus on six key issues
 - Democratic Governance
 - Economic Growth
 - People's Health
 - Mitigating Conflict
 - Humanitarian Aid
 - Private Foreign Aid



USAID White Paper, Jan 2004

Five Core Operational Goals of USAID:

- Humanitarian Relief
- Fragile States
- U.S. Strategic Interests
- Global and Transnational Issues
- Transformational Development



U.S. State Department and USAID Joint Strategic Plan 2004-2009

- First Ever
- Shared vision and goals
- Available at:

<http://www.state.gov/m/rm/rls/dosstrat/2004>



The Three “D’s”

- Defense (Pentagon)
- Diplomacy (State Department)
- Development (USAID)

The Millennium Challenge Account: Reducing Poverty through Growth

- Announced by President Bush in early 2002
- Rewards countries with good performance in:
 - Ruling Justly
 - Investing in their Citizens
 - Encouraging Economic Freedom
- Per capita income must be $< \$1,415$



USAID's Agriculture Strategy

- Newly Minted – July 2004
- Theme: Linking Producers to Markets
- Four Strategic Themes:
 - Expanding Trade and Improving Capacity
 - Social, Economic and Environmental Sustainability
 - Mobilizing Science and Technology
 - Training, Education Outreach and Research

The Key Role of Incentives

- The Elusive Quest for Growth by Bill Easterly
- Incentives matter most:
 - To Individuals
 - To Companies
 - To Governments
- Must get the Incentives Right -- Markets

The Fortune at the Bottom of the Pyramid by C.K. Prahalad

- A Purely Private Sector Approach
- Key Role of Information and Communications Technology (ICT)
- Profit-Driven Strategy
- Market-oriented
- Transparency, Dignity and Ownership

What Next for Development?

- The Pentagon's New Map
- Globalization
- Making Markets Work
- Empowerment
- Dignity of the Poor