In a post-9/11 world, further transformed by rapid globalization, Congress and the Administration have increased their awareness of the importance of foreign aid programs, with a particular focus on global development, primarily because of national security interest. This renewed awareness has led to a twofold increase in the foreign aid budget over the past 10 years. However, a close analysis of the foreign aid budget will show that much of that increase has gone to postwar reconstruction, humanitarian disasters, and health initiatives, leaving very little evidence to support the administration's rhetoric towards a national commitment to global development. Over this period, little progress has been made towards strengthening the United States Agency for International Development (USAID) or the policies that support global development. This lack of emphasis towards development, both through funding, and policies, is hurting the overall foreign assistance program. This study will highlight the gap between the United States' proclaimed and perceived commitment to global development.
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MASTER OF MILITARY STUDIES

A Case for Development: Rebalancing America’s Foreign Aid Program

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Executive Summary

Title: A Case for Development: Rebalancing America’s Foreign Aid Program

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Thesis: The United States’ foreign assistance policies and infrastructure need restructuring in order to leverage developmental aid’s crucial and ever-increasing component to national security. Failure to adequately fund and expertly manage foreign development programs can lead to instability that will require more expensive forms of aid or even Department of Defense (DOD) intervention.

Discussion: In a post-9/11 world, further transformed by rapid globalization, Congress and the Administration have increased their awareness of the importance of foreign aid programs, with a particular focus on global development, primarily because of national security interest. This renewed awareness has led to a twofold increase in the foreign aid budget over the past 10 years. However, a close analysis of the foreign aid budget will show that much of that increase has gone to postwar reconstruction, humanitarian disasters, and health initiatives, leaving very little evidence to support the administration’s rhetoric towards a national commitment to global development. Over this period, little progress has been made towards strengthening the United States Agency for International Development (USAID) or the policies that support global development. This lack of emphasis towards development, both through funding, and policies, is hurting the overall foreign assistance program. This study will highlight the gap between the United States’ proclaimed and perceived commitment to global development through a discussion of four key topics:

A. Foreign developmental aid is an important component of U.S. foreign policy in regard to national security.

B. Foreign aid policy case study comparing and contrasting the effect of U.S. aid on Afghanistan, Pakistan, and Bangladesh.

C. Major weaknesses undermining the effectiveness and capabilities of U.S. foreign development aid.

D. The United Kingdom’s Department for International Development (DFID) is an effective foreign developmental aid agency.

Conclusion: While the current reforms to U.S. foreign development policy could help elevate development as an effective national security tool, further reforms to improve infrastructure and increase funding would greatly help to reach that goal.
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**Preface**

During my last two combat deployments to Iraq and Afghanistan, I became acutely aware of the frustrations of my fellow military members when it came to performing reconstruction and stability operations. Although as a pilot I was rarely exposed to these missions, I would often hear about them as I flew people and resources to outlying villages. Quite often my discussions with young officers would become a session for them to vent about how these projects were going wrong such as “what the hell do I know about building a sewage treatment plant!” On one occasion a young Army Captain complained that he had been given a blank checkbook and told to do “whatever it took to stabilize a violent neighborhood in Baghdad.” He also told me that he was sure that he would be fired or court-martialed by the end of his tour. His concern was that he was making payouts to local leaders, vendors, and laborers and that there was almost no progress to show for it. He was clearly a bright, intelligent, and dedicated officer, but nowhere in his career had he been trained to perform such a task.

Incidents like this left me feeling like our civilian agencies, particularly the Department of State and USAID, had failed to hold up their end of the stabilization and reconstruction efforts. I felt like the DOD was being put in a dangerous and difficult position by having to focus too much on the reconstruction effort and not enough on the stability piece. After all, the DOD’s job is to fight and win wars, right?

When I undertook this study I thought I was going to prove that our stability and reconstruction operations had become over militarized and that the DOD was being spread thin due to weak and ineffective civilian agencies. I read everything I could find on the ever-expanding role of the military to perform these missions. I pulled every doctrinal publication, order, instruction, and directive to trace down when this injustice had been planted. However, my research did not support my preconceived conclusion. The more I read the more I became
convinced that our leadership had rightfully recognized that stability operations are an integral part of fighting and preventing wars. Our military forces need to be trained to recognize and respond to developing crises, especially when involved in a counterinsurgency. Stability and reconstruction requires a whole of government approach, and particularly in unstable environments, our military members are going to have to be an integral part of the solution.

However, my research did support my belief that our civilian agencies have become weak and ineffective, particularly since the end of the Cold War. With no Communist threat to compete against, our civilian agencies, particularly the Department of State (DOS) and United States Agency for International Development (USAID), have seen a decrease in manpower and money that has caused a reduction in their ability to provide support and stability to weak and failing nations and help prevent conflict. This weakening of our civilian agencies has brought about an imbalance in the U.S. foreign policy and it’s ability to apply diplomacy and development alongside defense in support of national security.

The last two administrations have recognized this imbalance and instituted reforms to try to right the ship. Although progress has been made, it is not enough, particularly when addressing USAID and the role of development in our foreign aid policy. I hope that this paper convinces the reader of the importance of foreign development to our national security and the need for immediate and stronger reforms.

I would like to thank my wife Holli for the patience she has shown me through this challenging undertaking. I would also like to thank the faculty and staffs of the Command and Staff College and Gray Research Center. The support, guidance, and invaluable advice I have received from all involved have made this daunting task manageable and rewarding.
"The United States cannot expect to eliminate national security risk through higher defense budgets, to do everything and buy everything... Where possible, what the military calls kinetic operations should be subordinated to measures aimed at promoting better governance, economic programs that spur development, and efforts to address the grievances among the discontented, from whom the terrorist recruit. It will take the patient accumulation of quiet successes over a long time to discredit and defeat extremist movements and their ideologies."\(^1\)

-Former Secretary of Defense Robert M. Gates

**INTRODUCTION:**

On January 29, 2002, in the wake of the tragedies of September 11th, President George W. Bush acknowledged the importance of global development in his State of the Union Address.\(^2\) He further addressed the importance of development in his 2002 national security strategy stating “the events of September 11, 2001, taught us that weak states, like Afghanistan, can pose as great a danger to our national interests as strong states.”\(^3\) President Bush had shined a light on a dilapidated foreign aid program that had been the subject of numerous budget cuts and drawdowns since the end of the Cold War. President Barack Obama, like his predecessor, places great importance on development, elevating it alongside defense and diplomacy with regards to its importance towards the national security policy.\(^4\) Since President Bush's State of the Union address, the U.S. has doubled its foreign aid budget.\(^5\) However, the relative increase of developmental aid and overall budget allocation dedicated towards development, when taken in context with the lack of institutional reforms, does not represent the importance placed on development by the rhetoric of the last two administrations.

The United States’ foreign assistance policies and infrastructure need restructuring in order to leverage developmental aid’s crucial and ever-increasing component to national security. Failure to adequately fund and expertly manage foreign development programs can lead to instability that will require more expensive forms of aid or even Department of Defense intervention.
DISCUSSION:

A. Foreign developmental aid is an important component of U.S. foreign policy in regard to national security.

Since the terrorist attacks of September 2001, national security has re-emerged as a primary objective of the U.S. foreign policy. This policy is carried out by government and non-government agencies, headed by the Department of State, and funded primarily through the International Affairs budget. According to the Congressional Research Service (CRS), the U.S. foreign policy has three primary rationales: national security, commercial interests, and humanitarian concerns. These foreign aid rationales can be further broken down into objectives of U.S. assistance to include: promoting economic growth, reducing poverty, improving governance, expanding access to health care and education, promoting stability in conflictive regions, promoting human rights, strengthening allies, and curbing illicit drug production and trafficking. These objectives form the basis for the foreign aid budget. It is worth noting that most of these objectives would be considered developmental in nature.

The U.S. has a long history of helping develop less fortunate countries through developmental aid. This history has its roots in the Marshal Plan with the rebuilding of Europe following World War II. President John F. Kennedy acknowledged the importance of this goodwill when he established the United States Agency for International Development (USAID) on November 3, 1961. USAID was born out of the Foreign Assistance Act of 1961, which mandated the creation of an agency to promote long-term assistance for foreign economic and social development.

At the founding of USAID in 1961, President Kennedy highlighted the interest of national security through developmental aid by saying, “Widespread poverty and chaos lead to a
collapse of existing political and social structures which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own security would be endangered and our prosperity imperiled.”10

In the first decade following the development of USAID the U.S. had an aggressive developmental agenda and budget to match. Near the end of the 1960’s, USAID had as many as 15,000 employees11 and controlled as much is 2.5% of the budget to provide towards global development.12 This aggressive development program was in response to the Cold War and was intended to be one of the United States’ primary tools to prevent the spread of communism.13 After the collapse of the Soviet Union the United States’ budget for developmental aid, as well as USAID itself, was perceived as less important and fell victim to several budget cuts throughout the 1990s. According to Stars and Stripes, “USAID (and sister organization the U.S. Information Agency) was almost dismantled in the 1990s by post-Cold War cuts led by then-chairman of the Senate Foreign Relations Committee Jesse Helms, a North Carolina Republican. Helms saw the organization as an unaffordable, unpopular foreign version of welfare.”14 Former Secretary of Defense, Robert M. Gates, best summarizes these issues in a speech he gave to the students of Kansas State University in November 2007, “What is not as well-known, and arguably even more shortsighted, was the gutting of America’s ability to engage, assist, and communicate with other parts of the world -- the "soft power," which had been so important throughout the Cold War. The State Department froze the hiring of new Foreign Service officers for a period of time. The United States Agency for International Development saw deep staff cuts -- its permanent staff dropping from a high of 15,000 during Vietnam to about 3,000 in the 1990s.”15
In the wake of the September 11, 2001 terrorist attacks, America began looking for ways to strengthen its national security by increasing funding to develop poor and fragile countries. The tragedy of the attack united lawmakers across the political board to sizably increase funding for developmental aid. Moreover, the Bush administration created several new federal entities and programs to oversee aid funding in an effort to revitalize foreign development.

In remarks made in 2002 to the Inter-American Development Bank, President Bush focused on the importance of development as a moral obligation as well as a national security tool:

The advance of development is a central commitment of American foreign policy. As a nation founded on the dignity and value of every life, America's heart breaks because of the suffering and senseless death we see in our world. We work for prosperity and opportunity because they're right. It's the right thing to do. We also work for prosperity and opportunity because they help defeat terror… And when governments fail to meet the most basic needs of their people, these failed states can become havens for terror. In Afghanistan, persistent poverty and war and chaos created conditions that allowed a terrorist regime to seize power. And in many other states around the world, poverty prevents governments from controlling their borders, policing their territory, and enforcing their laws. Development provides the resources to build hope and prosperity, and security.16

Like his predecessor, President Obama has addressed the importance of strengthening the United States’ commitment and capability to perform global development. The latest *National Security Strategy*, published in May 2010, states the following:

Development is a strategic, economic, and moral imperative. We are focusing on assisting developing countries and their people to manage security threats, reap the benefits of global economic expansion, and set in place accountable and democratic institutions that serve basic human needs… To do this, we are expanding our civilian development capability; engaging with international financial institutions that leverage our resources and advance our objectives; pursuing a development budget that more deliberately reflects our policies and our strategy, not sector earmarks; and ensuring that our policy instruments are aligned in support of development objectives.17

Indeed, even top military experts are currently advocating the critical need for U.S. global development of poor countries in support of national security interests. One such vocal
proponent is Thomas P. M. Barnett, a former Naval War College instructor and senior DOD employee, who states, “If a country is either losing out to globalization or rejecting much of the content flows associated with its advance, there is a far greater chance that the U.S. will end up sending military forces there at some point.”

Another persuasive voice on the topic is former Secretary of Defense Robert M. Gates. In the speech given at Kansas State University, Secretary Gates, the top member and number one proponent of the DOD, surprised his audience by stating, “military success is not sufficient to win.” His message was that if the U.S. was to “meet the myriad challenges around the world,” that the country “must strengthen other important elements of national power both institutionally and financially.” While Secretary Gates noted that funding for nonmilitary foreign affairs programs has increased since 2001, he points out that it “remains disproportionately small relative to what we spend on the military and to the importance of such capabilities.” Secretary Gates concluded his speech by stating that it is clear to him “that there is a need for a dramatic increase in spending on the civilian instruments of national security.” He further stated that the senior leadership of the Armed Forces and personnel throughout the DOD shares this opinion. He emphasized this point by quoting then chairman of the Joint Chiefs of Staff, Admiral Mike Mullen, as saying that he would hand part of his budget over to the State Department “in a heartbeat.”

Secretary Gates followed up this speech with a similarly themed article in the January/February 2009 issue of Foreign Affairs. He begins the article by writing, "The United States cannot expect to eliminate national security risks through higher defense budgets, to do everything and buy everything." Again, Secretary Gates points to the fact that the military and civilian elements of the United States’ national security apparatus have responded unevenly and
have grown increasingly out of balance. He further states the recent past "vividly demonstrated the consequences of failing to address adequately the dangers posed by insurgencies and failing states. Terrorist networks can find sanctuary within the borders of a weak nation and strength within the chaos of social breakdown." What makes this article exceptional is Secretary Gates acknowledgment of the importance of security through development. He best summarizes his beliefs when he states, "where possible, what the military calls kinetic operations should be subordinated to measures aimed at promoting better governance, economic programs that spur development, and efforts to address the grievances among the discontented, from whom the terrorist recruit." 

It is clear that developmental aid is becoming increasingly important when viewed as an essential tool of the U.S. national security policy. USAID is the primary administer of global developmental aid within the United States. The 2006 USAID Primer, *What We Do and How We Do It*, explains how USAID uses developmental aid as an instrument to promote national security interests:

USAID plays a vital role in advancing U.S. national security, foreign policy, and the war on terrorism. It does so by addressing poverty fueled by lack of economic opportunity, one of the root causes of violence today. As stated in the president's national security strategy, development stands with diplomacy and defense as one of the three key pieces of the nation's foreign-policy apparatus. USAID promotes peace and stability by fostering economic growth, protecting human health, providing emergency humanitarian assistance, and nurturing democracy in developing countries.

**B. Foreign aid policy case study comparing and contrasting the effect of U.S. aid on Afghanistan, Pakistan, and Bangladesh.**

To demonstrate the importance of foreign aid policies, with a focus on development, three countries will be examined for this case study. The three countries represent three vastly different foreign aid policies. The first country, Afghanistan, is a country that the U.S. provided
very little aid to before instability created the conditions to allow terrorist organizations
operating within the borders of Afghanistan to attack the U.S. The second country, Pakistan, is a
country that has received varying degrees of foreign aid, primarily based on political agendas.
The final country, Bangladesh, is a country that the U.S. has had a long-standing commitment
towards development independent of political agendas.

These three countries provide for an interesting case study because of their vast
similarities. All three countries are located in South Asia. Their sizes and current populations
are as follows: Afghanistan covers 652,230 km\(^2\) and has the smallest population at 30,419,928
people. Bangladesh is the smallest country in size at 143,998 km\(^2\), but has the second largest
population with 161,083,804 people. Pakistan is the largest country at 796,095 km\(^2\), and has the
largest population of 190,291,129 people.\(^{28}\) Their locations have similar strategic value when
considering a partnership with the U.S. All three countries share a common religion and belief
system relative to each other. And most importantly, all three countries are amongst the poorest
nations in the world. Because of these similarities, a reasonable expectation would be that
similar foreign aid programs would produce similar results in each of the nations. Therefore, by
examining the current state of affairs of each of these countries, the success of past foreign aid
policies as applied by the U.S. can be gauged.

Afghanistan is the poorest of the three countries when evaluated on a per capita basis.
According to the 2012 Central Intelligence Agency’s *World Factbook*, Afghanistan ranks as the
214\(^{th}\) poorest country, out of 226 globally ranked countries.\(^{29}\) Since 2001, more than $67 billion
has been appropriated towards the effort to blunt popular support for extremist forces in the
region.\(^{30}\) Nearly two-thirds of all U.S. assistance since fiscal year 2002 has gone to the training
and equipping of Afghan forces. The remaining one-third has gone to development and humanitarian related activities.\textsuperscript{31}

Pakistan is the least poor of the three countries considered here. However, it is still an extremely poor country, coming in at 174\textsuperscript{th}.\textsuperscript{32} Pakistan is currently the second largest aid recipient from the U.S. In 2010 it was the largest aid recipient. Pakistan has been a large aid recipient since their independence 65 years ago. However, the aid amount has fluctuated wildly during this period. Major aid flows during some periods of this time, followed by drastic cuts (or no aid) in others, has cast the U.S. as an unreliable partner in many Pakistani’s eyes.\textsuperscript{33}

Bangladesh provides an excellent case study of how development can work. It currently ranks as the 194th poorest country in the world when viewed by dollars per capita.\textsuperscript{34} Bangladesh was known as East Pakistan and was part of Pakistan from 1947 to 1971. During this period, the U.S. enjoyed a friendly relationship with both Pakistan and East Pakistan. Bangladesh fought for and won its independence from Pakistan in 1971 through very bloody conflict. After this liberation war, the U.S. Administration under President Richard Nixon sided with Pakistan against the newly formed country of Bangladesh and was openly opposed to its newfound independence. This alliance with Pakistan can be attributed to the strategic importance of Pakistan for the U.S. in the context of the Cold War. During this period, the U.S. aligned with Pakistan to counter the India-USSR partnership.\textsuperscript{35}

Despite the mutual dislike between the two countries, the U.S. recognized the independence of Bangladesh in 1972 and began providing foreign aid to alleviate substandard living conditions and food shortages. In 1975, the relationship between Bangladesh and the U.S. changed dramatically when a new pro-Western administration took over power in Bangladesh. Foreign aid from the U.S. continued to increase until 1990, then leveled off, and has remained
fairly steady since. Currently the United States provides around $100 million a year in assistance to Bangladesh (2009 and 2010 saw a spike to in that number due to disaster relief efforts.)

![Figure 1](image-url)

When analyzing the data of total U.S. foreign assistance to these three countries from 1972 (the year that the U.S. began foreign assistance to Bangladesh) until 2010, some surprising conclusions can be drawn. As the chart (Figure 1) displays, Afghanistan received very little or no foreign assistance from the U.S. from 1972 to 2001. Pakistan received very sporadic aid with large bubbles during the early 1970s, the 1980s, and since 2001. All of these spikes in aid to Pakistan coincide with U.S. national interests in the region. Bangladesh shows the most constant application of foreign assistance with very little year-to-year fluctuations.

A closer look at the numbers in Figure 1 shows some surprising trends. When adding the total obligations since 1972 to each of these countries, the total amounts are: Afghanistan - $20.1 billion, Pakistan - $17.5 billion, and Bangladesh - $11.8 billion. Furthermore, when adding the
total of obligations since 2002 to each of these countries the total amounts are: Afghanistan - $18.9 billion, Pakistan - $7.4 billion, Bangladesh - $1.2 billion.38

It is interesting to note that the U.S. nearly 40 year commitment to Bangladesh has cost approximately 1/2 as much as the eight year commitment to Afghanistan. Also noteworthy, is the fact that the total U.S. obligations to Bangladesh from 2002 until 2010 equal approximately 1/20th and 1/6th of our obligations to Afghanistan and Pakistan, respectively.

This evaluation becomes even more pronounced when looking at aid dollars on a per capita basis. Using the current populations and analyzing the foreign assistance provided to each country since 2002 we get the following results: Afghanistan - $621 per capita, Pakistan - $39 per capita, and Bangladesh - $7 per capita. Just to emphasize that point, the United States has spent nearly 100 times more per person since 2002 on Afghanistan when compared to Bangladesh.

It is important to note that there are several factors that affect the stability of a nation; to claim that development aid is the sole factor responsible for the stability in Bangladesh would be imprudent. However, through long-term assistance, the U.S. has helped provide food stability, clean water, and a source of income to the people of Bangladesh. As President Bush stated in his NSS 2002, meeting the most basic needs of people is paramount to preventing failed states and the conditions that lead to terrorism. Meeting the basic needs of a population builds a solid foundation which good governance and rule of law can be built on.

Although there have been many factors, and many donors, in the successful development of Bangladesh, USAID has played a major role in that success. According to the USAID article “Food and Agriculture in Bangladesh: A Success Story”:

Bangladesh's accomplishments in agriculture and food security in the 30 years since independence have been a major development success story. From Henry Kissinger's
"basket case" of the early 70's -- a nation with chronic, major food deficits that was sustained in large measure by food aid -- Bangladesh is now essentially self-sufficient in rice, its basic cereal, and is emerging as a significant exporter of high value agricultural products... USAID has been actively engaged in the development of Bangladesh's agriculture sector virtually since independence. We have played a major role in the development of the agricultural research system and the institutions of higher agricultural education.39

It is worth debating whether the U.S. could have helped create the same kind of stability in Afghanistan that exists in Bangladesh. There was a golden opportunity to help stabilize and develop Afghanistan when the Soviet forces left after their defeat, which was largely funded by the U.S. It seems shortsighted to invest in the defeat of an enemy in a foreign land just to leave the war-torn region to fall further into collapse, which is exactly what happened in Afghanistan.

The above case study was presented because of its pertinence to the United States’ current foreign affairs. There are several other success stories that can be used to cite the power of developmental aid. Germany, South Korea, and Taiwan, are all former recipients of large amounts of foreign aid.40 All three countries are now economic powerhouses and important U.S. partners in global security. India is another success story, which has gone from chronic food deficits to food exports and sustained economic growth.41

C. Major weaknesses undermining the effectiveness and capabilities of U.S. foreign development aid.

Having shown the importance of developmental aid, there are important issues to resolve to ensure the continued benefits to U.S. national security. These issues can be placed under two main topics: 1) The need for more developmental funding, and 2) More reform is needed to the outdated and inefficient U.S. foreign aid infrastructure.
1. The need for more developmental funding:

A cursory understanding of the U.S. foreign aid budget is important to understanding the shortfalls of the United States’ developmental aid policy. Foreign assistance (or aid) is a primary component of the international affairs budget. The international affairs budget is divided into seven titles (or accounts). These titles are as follows: Title I - Department of State and Related Agencies, Title II - United States Agency for International Development, Title III - Bilateral Economic Assistance, Title IV - International Security Assistance, Title V - Multilateral Assistance, Title VI - Export and Investment Assistance, and Title VII - General Provisions.

Within the foreign assistance budget, developmental aid is spread throughout several of the titles. A majority of the developmental aid resides within Title III (Bilateral Economic Assistance) and Title V (Multilateral Assistance). Some of the key developmental programs that lie within these titles are the Global Health and Child Survival (GHCS), Development Assistance (DA), Millennium Challenge Corporation (MCC), International Organizations and Programs (IO&P), and World Bank International Development Association (IDA) programs.

The doubling of the foreign aid budget since 2001 is a commonly cited fact when it comes to touting America’s commitment to global development. This fact sounds good and would seem to show an increased commitment to development, but when observed in context with the overall U.S. budget and compared to other nation’s developmental aid, the commitment is not as obvious as the numbers would indicate. Additionally, a comparison to the DOD budget to the foreign aid budget provides backing to Secretary Gates observation that the military and civilian elements of the United States’ national security apparatus have grown increasingly out of balance.
Table 144

As Table 1 shows, during the period from 2002 to 2010 the total U.S. Federal budget went up from $2.01 trillion to $3.46 trillion. That is to say that the total budget increased by a factor of 1.72. The foreign assistance budget went from $17.69 billion to $37.61 billion. That is a 2.13 increase over that eight-year period. As claimed, the foreign aid budget did indeed double since 2002. However, during the same period the DOD budget went from $422 billion to $848 billion. That is an increase by a factor of 2.01. Both the DOD and Foreign Assistance budgets grew at a rate higher than the total federal budget. As shown above, the increase in the foreign assistance budget is only negligibly higher than the increase in the DOD budget.

In essence, U.S. military budgets are drastically larger than U.S. civilian foreign aid and development budgets. U.S. military spending is huge while U.S. foreign aid spending is incredibly small and extremely vulnerable to cutbacks. Secretary Gates correctly stated that “America’s civilian institutions of diplomacy and development have been chronically undermanned and underfunded for far too long- relative to what we traditionally spend on military, and more important, relative to the responsibilities and challenges our nation has around the world.”45 As illustrated in Table 1, the U.S. government pours substantially more money into the military budget than the foreign assistance budget.

Although some people may view this as an “apples to oranges” comparison, the point remains that there has been a doubling of the DOD budget in conjunction with the celebrated doubling of the foreign aid budget. In fact, the increase in the DOD budget totaled $425 billion,
whereas the increase in the foreign assistance budget only totaled $20 billion. Diverting a meager $1/10^{th}$ of the increase in the DOD budget to the foreign assistance budget would have resulted in a quadrupling of the foreign assistance budget. This would have been a bold move that demonstrated the United States' commitment to global development. It is not the purpose of this paper to present an appropriate ratio of defense to development spending, but rather to demonstrate that the foreign aid budget has grown at nearly the same rate as the Federal and DOD budgets.

Another measure of the United States' commitment to global development is to see how it compares to other nations in terms of money invested in development. Because budgets can be very complex and difficult to compare between countries, it is useful to use outside agencies to assist with these comparisons. One such agency is the Organization for Economic Co-operation and Development (OECD). The mission of OECD is to promote policies that will improve the economic and social well being of people around the world.

One of the services that OECD provides is a statistical analysis of aid flows from member countries. In order to facilitate this comparison, OECD analyzes each country’s foreign aid budget and publishes charts that display each country’s official contributions, which are used solely with the promotion of the economic development and welfare of developing countries as its main objective. The term that is given to such funds is Official Development Assistance (ODA). The graph below (Figure 2) demonstrates that the U.S. was the single largest donor in 2009, donating more than double the next highest donor.
Once again, these numbers seem to indicate a high level of commitment by the U.S. towards global development. However, when looked at as a percentage of Gross National Index (GNI) (Figure 3) a lower level of commitment is realized. In reality, the U.S. is near the bottom of the list of Development Assistance Committee (DAC) members when compared to other nations in terms of percentage of GNI dedicated to development assistance. Also noteworthy, is the fact that the U.S. falls well short of the United Nations’ ODA target of .7% of GNI.

The U.N. ODA target of .7% is a goal that is mentioned quite often in developmental aid discussions and it is worth a brief overview here. The .7 target was originally pledged over 40 years ago in the 1970 General Assembly Resolution and has been reaffirmed many times since in
international agreements. According to the United Nations reaching the .7 target is important because:

The UN Millennium Project's analysis indicates that 0.7% of rich world GNI can provide enough resources to meet Millennium Development Goals, but developed countries must follow through on commitments and begin increasing ODA volumes today. If every developed country set and followed through on a timetable to reach 0.7% by 2015, the world could make dramatic progress in the fight against poverty and start on a path to achieve the Millennium Development Goals and end extreme poverty within a generation.

![Figure 3](image.png)

In 2005, 16 of the 22 donor countries had met or agreed to meet the .7 ODA target of .7 GNI. Additionally, all of the original 15 European Union member states agreed to set timetables
to meet the .7 target. To date the United States has not agreed to meet the .7 target or set a
timetable to do so.\textsuperscript{50}

The above statistics and graphs have assessed the United States' commitment to global
development in a quantitative analysis. The Center for Global Development (CGD), an
independent research firm, provides a qualitative means for assessing the United States’
developmental aid program. CGD’s Commitment for Development Index (CDI) measures a
country's quantity as well as quality of aid given to recipient countries.

The CDI is adjusted based on several quality factors. For example, the CDI penalizes "tied" aid
which recipients are required to spend on products from the donor nation. The CDI also takes
into account debt payments, interest rates on loans, how well governed the recipient nation is,
and several other factors. These adjustments can affect nations that make large donations such as the U.S. For instance, “aid to Iraq—where corruption is rampant and rule of law is weak—is counted at $.22 on the dollar, whereas aid to Ghana—where poverty is high and governance relatively good—is counted at $.97 on the dollar.”52 The chart above (Figure 4) shows the results of GCD’s 2011 CDI rankings. The U.S. received a score of 3.1, placing it below the average score of five, near the bottom of the rankings.

Although the U.S. has doubled its foreign aid budget since 2001, when viewed in context with: 1) the overall growth of the nation’s budget; 2) the ODA percentage of GNI; and 3) the quality of aid; the U.S. is still deficient in the area of global development.

2. More reform is needed to the outdated and inefficient U.S. foreign aid infrastructure:

In recent years, there has been a significant outcry for U.S. foreign aid reform. The Congressional Research Service (CRS) published a paper entitled, "Foreign Aid Reform, National Strategy, and the Quadrennial Review" to highlight the issue.53 In the summary, the CRS states that several development proponents, nongovernmental organizations, and policymakers have called for reform to the U.S. foreign aid capabilities in order to better address 21st-century development needs and national security challenges. These critics argue that the U.S. aid program has become fragmented, cumbersome, and not finely tuned to address overseas needs or the U.S. national security interest. They cite numerous issues to include a lack of focus, too many agencies involved in delivering aid, lack of flexibility, lack of responsiveness, poor transparency of aid programs, and a perceived lack of progress in some countries that have been
aid recipients for decades. Many of them believe the solution to this inefficient program is to rewrite the now 50-year-old law that forms the foundation of the U.S. foreign aid policy.

The Obama administration, State Department, and USAID have made efforts to answer cries for reform. In September 2010, the administration revealed the president’s policy directive on development (PPD). Shortly thereafter, the State Department unveiled the Quadrennial Diplomacy and Development Review (QDDR), which incorporated several reforms proposed by USAID.

Although these efforts are a step in the right direction, they still fall short of the important changes that need to take place. Secretary of State Hillary Clinton states, “Development stands alongside diplomacy as the twin pillar of America’s civilian power.” Yet the administrator of USAID does not hold an equal position as the Secretary of State. By not allowing the leader of USAID to sit at the same table as the Secretary of State and Secretary of Defense, there will never be a unified solution to U.S. foreign aid issues. By not having the director of USAID as a cabinet-level position, or at least putting USAID under the direct supervision of the State Department, the U.S. has created an agency that can act independent of the Departments of State and Defense, yet does not have an equal voice in the discussion.

The United Kingdom found itself in a similar position back in the 1990s when its Overseas Development Administration (ODA) was a subordinate agency that fell under control of the Foreign Office. Then in 1997 the ODA was replaced by the Department for International Development (DFID), elevated to a cabinet-level ministry, and given a much larger role in the development of the UK’s foreign affairs policy. In the past decade, the DFID has established itself with a reputation of being the best development agency in the world. The Economist declared that the DFID is “a model for other rich countries.” For these reasons, the DFID
would serve as a good model in order to strengthen and reconstruct the U.S. foreign development aid system.

D. The United Kingdom’s Department for International Development (DFID) is an effective foreign developmental aid agency.

The DFID’s fundamental goal is to promote sustainable, global development and eliminate world poverty. Although it would be impossible for the U.S. to adopt every aspect of the U.K.’s DFID model due to the differences in the two political landscapes, studying the approach and implementing some of the aspects would greatly improve U.S. foreign development aid, thus furthering national security interests as well.59

The current DFID model was created in 1997 under Prime Minister Tony Blair as an independent ministry with a Cabinet minister.60 This reorganization gave the agency more strength allowing it to control nearly all of the country’s foreign aid and development aid.61 The DFID functions as a single, empowered agency responsible for foreign aid and development policy; however, it also works collaboratively with other government departments to ensure coherence in all policies dealing with the issue.62

Following the September 11, 2001 terrorist attacks, the DFID made more policy changes in order to combat development issues as they relate to security interests. U.K. foreign policy put more emphasis on finding and aiding weak and failing states, and also on eliminating safe havens for terrorists to stifle their ability to recruit and organize.63 In a 2005 policy document, the DFID stated their approach by arguing that security problems would stifle their pursuit in achieving the United Nations Millennium Development Goals (worldwide standards for achieving minimal human needs, established over many years in different international
The DFID Model is effective for several different reasons. The Cabinet minister attends weekly cabinet meetings and takes part in high-level deliberations with the Prime Minister and other top government ministers. Two ministers also represent the DFID in the House of Commons. Having this infrastructure and the aforementioned sole foreign aid and development policy powers, the DFID can wield significant leadership and independence. Also, since the DFID oversees all government development policy, it works collaboratively with other government departments to ensure that there is consistency and congruity in all policies affecting such. An example of this, as it relates to the DFID’s role in development policies, was the creation of the Global Conflict Prevention Pool and the Africa Conflict Prevention Pool with the purpose to unite resources of the DFID, Ministry of Defense, and the Foreign Office in an effort to create a more strategic approach to foreign conflict reduction. Also, the DFID plays a full role on the National Security Council.

Some experts on global aid policy in the U.S. agree that the DFID Model is the one to study for restructuring the U.S. foreign aid program. In his briefing paper on reforming foreign aid, global assistance policy analyst and current USAID consultant, Charles Uphaus states that the DFID Model appears to be working and agrees that it is the most effective development agency in the world. His briefing paper proposes that the U.S. must follow suit and
provide leadership commensurate with its resources and values. Reforming foreign assistance would strengthen the U.S. reputation around the world, and beyond that, it would be part of a more sophisticated and realistic approach to national security. Enabling people in poor countries to acquire the skills and opportunities to break the cycle of poverty is not only the right thing to do, but will serve the U.S. national interest by creating a more secure and stable world.”

Mr. Uphaus explains how to make foreign development a national priority by looking to the DFID Model, in that there should be a cabinet-level department with the sole focus of global development. According to Uphaus, this would ensure that foreign aid issues are heard and recognized at the highest level.

**RECOMMENDATIONS:**

Although it seems apparent that the federal government recognizes the need for foreign aid reform, their measures so far are not enough. The Obama administration’s PPD and the Department of State’s QDDR address important issues involving the State Department and USAID capabilities and resources to meet many foreign aid future demands. Also, several members of Congress have also acknowledged the importance of a restructuring and revitalization of America's foreign aid policies. For example, Representative Howard L. Berman, then Chairman of the House Foreign Affairs Committee introduced H. R. 2139, initiating the Foreign Assistance Reform Act of 2009 as well as several discussion papers on the topic throughout 2009 and 2010. Also, Senator John Kerry, Chairman of the Senate Foreign Relations Committee, introduced a reform bill, S. 1524, the Foreign Assistance Revitalization and Accountability Act of 2009. Neither of these bills passed congress, highlighting the lack of willingness for Congress to tackle the rebuilding of the United States ineffective and outdated foreign aid structure.
Collectively, these efforts have not produced the results needed to gain the necessary advancements for foreign development. The federal government needs to consider the following recommendations to modernize and elevate global development:

1. **Utilize the DFID Model.**

There are many lessons to be learned by the U.S. upon examination of the DFID Model. Several aspects of the Model could be imported and transitioned today into the American political system to reform the U.S. policies such as: 1) incorporating a senior foreign aid and development official into regular meetings of the administration’s National Security Council; 2) facilitating better coordination across the three national security departments (Department of State, USAID, and DOD); 3) consolidating current aid programs into tidier structures with more coherent strategies; 4) consolidating current aid programs into one cabinet-level department; 5) working to improve the coordination between the humanitarian offices at the Department of State and USAID, or alternatively, consolidating the two offices; and 6) garnering support from Congress to produce a more efficient legislative infrastructure for U.S. foreign aid operations.77

2. **Improved Infrastructure:** Promoting USAID to a cabinet-level department agency with a secretary at the helm would solve many of the issues discussed in this paper. It would guarantee that development would be viewed as important as diplomacy and defense. The secretary of USAID should also be a primary member of the national Security Council to ensure that development works hand-in-hand with the other instruments of national power towards ensuring national security. Additionally, promoting USAID to cabinet-level department status would strengthen USAID's representation in the budget process.

3. **Increased Budget:** In addition to elevating USAID to a cabinet-level department agency, the U.S. must find more money to invest in global development. Even with a smaller
budget, and faced with the threat of sequestering, the U.S. cannot afford not to invest in development. As the case study of Afghanistan, Pakistan, and Bangladesh demonstrated, and President Kennedy stated when he created USAID: we can pay now or pay more later.

CONCLUSION:

Although the current reforms to U.S. foreign development policy are a step in the right direction, there are still important reforms that are missing from the agenda. The recommendations that are outlined in this paper would help elevate development to its rightful place as a central pillar of the U.S. national security policy.

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