

Buying Enemies

Why Foreign Assistance Endangers US Security Interests and
Directions for Reform

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The Problem

Despite or perhaps because of the absence of substantive discussion on the topic in the American political discourse, US foreign assistance has become rife with inefficiencies and strategic mistakes. A number of programs have ended up supporting the sorts of groups they were formulated to combat, while others have funneled enormous quantities of resources into enterprises that achieve no desirable long term objective and often damage the image of the United States and its foreign policy agencies. If US policymakers hope to use foreign aid as an effective tool in the future, they must first enact a number of reforms to deliver aid both to more productive targets and through more reliable channels.

This paper will examine several important US foreign assistance programs, assess the degree to which they have achieved their goals or failed to do so, and, drawing inferences about foreign aid more generally from each case, offer a prescription for reform. Focusing on military aid to other states, the first section will examine foreign assistance to Afghanistan and Iraq, Israel, Latin America, and Sub-Saharan Africa. The subsequent section will focus on military aid to non-state groups, analyzing American involvement in Afghanistan during the Soviet occupation, in Angola during that country's civil war, and in Nicaragua as part of the so-called Iran Contra affair. The final section will examine US development aid programs.

1 Military Assistance to State Actors

1.1 Iraq and Afghanistan

In the decade plus since the invasion of Afghanistan in 2001, the decision of US policy makers to rebuild the Afghan military machine from the ground up has necessitated substantial amounts of aid. The project started with the relatively small commitment of \$64 Million in 2002.¹ Then, once the initial objective of ousting the Taliban regime and installing a government friendly to the US was accomplished, aid increased dramatically as the goal of US involvement shifted toward nation building. Over the next decade, military aid rose consistently, until it reached sums above \$10 Billion.² The recipient of this aid has been the Afghan National Security Forces, or the ANSF. In total, from 2002 through the end of fiscal year 2013, the US has given \$56 billion in military aid to the ANSF.³ Most recently, military aid stood at \$1.6 Billion in 2013, \$.75 Billion in 2014, and a proposed \$1.1 Billion in 2015.⁴ An agreement was signed in 2012 to continue aid on a limited level through 2024.⁵

Accounts differ regarding the efficacy of the aforementioned aid. While the Department of Defense has largely contended that the ANSF has been relatively successful as it transitions into independence, other observers have argued that whatever progress the ANSF has made will quickly reverse itself once foreign assistance from the US dries up. A 2013 report from the National Intelligence Estimate forecasted “significant erosion” of Afghan military capabilities and significant gains for the Taliban by 2017.⁶ A report entitled

¹“Fiscal Year 2012 Foreign Assistance Profile: Afghanistan.” United States Agency for International Development. Accessed December 4, 2014. <https://eads.usaid.gov/gbk/data/profile.cfm>.

²ibid

³ibid

⁴“Congressional Budget Justification: Fiscal Year 2015,” United States Department of State. March 4, 2014. Accessed December 4, 2014. <http://www.state.gov/documents/organization/222898.pdf>. 176.

⁵Kenneth Katzman. “Afghanistan: Post-Taliban Governance, Security, and U.S. Policy.” Congressional Research Service. October 9, 2014. Accessed December 4, 2014. <http://fas.org/sgp/crs/row/RL30588.pdf>, 20.

⁶Londoo, Ernesto, Karen DeYoung, and Greg Miller. “Afghanistan Gains Will Be Lost Quickly after Drawdown, U.S. Intelligence Estimate Warns.” *The Washington Post*. December 29, 2013, Accessed December 4, 2014, <http://www.washingtonpost.com/world/national-security/afghanistan-gains-will-be->

“Independent Assessment of the Afghan National Security Forces” issued by the Center for Naval Analyses in February 2014 reached a similar conclusion, claiming that the security environment in Afghanistan will become more challenging after the drawdown of most international forces in 2014, and that the Taliban insurgency will become increasingly threatening in the 2015-2018 timeframe.⁷ Some critics note the gains made by the Taliban in the summer of 2014.⁸ Others fear that a pattern similar to what occurred in Iraq, where the rise of ISIS led to the collapse of the Iraqi Security Forces, or ISF, in Northern Iraq in summer 2014, could unfold in Afghanistan once American troops withdraw.⁹

A similar situation seems to have developed in Iraq, where the current US assistance effort began in earnest with the 2003 invasion. At first, aid was largely economic, with a relatively limited military element. However, this aid pattern shifted as the American war effort changed aims, resulting in higher military totals and lower economic aid. In total, between 2003 and 2012, the US dedicated \$27 Billion in military aid to Iraq.¹⁰ 95% of this aid went to strengthening the Iraqi Security Forces, or the ISF, which consists of the Iraqi Ministry of Defense, or MOD, and the Ministry of the Interior, or MOI. The American counterinsurgency strategy entailed a sharp increase in aid in tandem with the 2006 “surge” followed by a gradual withdrawal of American forces, during which the ISF would inherit a more stable environment, which it could then work to maintain.¹¹ In keeping with this plan, security control shifted to the ISF in 2009. Major American troop withdrawal began in the same year.¹² Violence in Iraq dropped off significantly in 2008,

lost-quickly-after-drawdown-us-intelligence-estimate-warns/2013/12/28/ac609f90-6f32-11e3-aecc-85cb037b7236_story.html.

⁷Schroden, Jonathan, Catherine Norman, Jerry Meyerle, Patricio Asfura-Heim, Bill Rosenau, Del Gilmore, Mark Rosen, Daniella Mak, Nicholas Hutchinson, and Mary E. Connell. *Independent Assessment of the Afghan National Security Forces*. No. DRM-2014-U-006815-final. *Center for Naval Analyses Strategic Studies Research Dept.* 2014.

⁸Katzman

⁹ibid

¹⁰“Fiscal Year 2012 Foreign Assistance Profile: Iraq, United States Agency for International Development, Accessed December 4, 2014, <https://eads.usaid.gov/gbk/data/profile.cfm>.

¹¹“Learning From Iraq: A Final Report From the Special Inspector General for Iraq Reconstruction.” *Global Security*. March 1, 2013. Accessed December 4, 2014. <http://www.globalsecurity.org/military/library/report/2013/sigir-learning-from-iraq.pdf>, 92.

¹²ibid

leading some to proclaim the combined surge and aid policies a success.¹³ Perceptions of these policies shifted dramatically in later years.

Recent assistance has diminished significantly in keeping with the proposed reduction of American involvement. From 2013 to 2014, military aid fell from \$434 million to \$300 million, and the Congressional Budget Justification for 2015 puts aid at \$250 million.¹⁴ Plans for this aid drawdown changed dramatically as a result of the rise of ISIS. In the early summer of 2014, ISIS aggressively expanded its control of territory in northern Iraq, resulting in the collapse of the ISF in that part of the country in June 2014.¹⁵ Needless to say, the collapse of the ISF, recipient of over \$25 billion in American aid over more than a decade, represented the utter failure of the extant American aid policy. Over the subsequent months, in a departure from previous policy, President Obama authorized limited military action and signaled an increase in military aid to Iraq.¹⁶ The extent of the increase in aid was unknown at the time of this writing.

Academic circles are divided on the efficacy of foreign aid as a counter-terrorism strategy. Some believe promoting democracy through foreign aid helps limit the growth of terrorism.¹⁷ Others point out that foreign assistance often fails to produce permanent gains. One study, authored by Navin A. Bapat, concluded that foreign aid helps maintain the status quo but is ineffective at “disarming active terrorists.”¹⁸ This particular argument offers a mixed picture of the efficacy of foreign aid as a means of combatting terrorism; it limits terrorist groups’ influence in the host country to a degree, but does little to eradicate the groups or prevent attacks. Maintaining the status

¹³ibid

¹⁴Justification, Congressional Budget. “Foreign Operations.” *US Department of State*. URL: <http://www.state.gov/documents/organization/158268.pdf>. 2014.

¹⁵Sly, Liz and Ahmed Ramadan. “Insurgents Seize Iraqi City of Mosul as Security Forces Flee.” *The Washington Post*. June 11, 2014, Accessed December 4, 2014, http://www.washingtonpost.com/world/insurgents-seize-iraqi-city-of-mosul-as-troops-flee/2014/06/10/21061e87-8fcd-4ed3-bc94-0e309af0a674_story.html.

¹⁶Gearan, Anne. “U.S. Dangles More Aid to New Iraq Leader.” *The Washington Post*. August 13, 2014. Accessed December 4, 2014, http://www.washingtonpost.com/world/us-dangles-more-aid-to-new-iraq/leader/2014/08/12/414fd3c8-21f8-11e4-8b10-7db129976abb_story.html.

¹⁷Carothers, Thomas. “Promoting Democracy and Fighting Terror.” *Foreign Affairs* 82, no. 1 (2003): 84-97. Accessed December 4, 2014. <http://www.jstor.org.ezp-prod1.hul.harvard.edu/stable/20033430>.

¹⁸Bapat, Navin A. “Transnational Terrorism, US Military Aid, and the Incentive to Misrepresent,” *Journal of Peace Research* 48, no. 3 (2011): 303-18.

quo is not ideal, given the prevalence of existing terrorist organizations, but it is better than the alternative, which could involve the collapse of the state or the expansion of terrorist influence in the government itself. Under this framework, offering the minimum amount of aid that would maintain the status quo would be an advisable policy, given that any aid in addition to this minimum would do little to eradicate terrorism.

1.2 Israel

The state of Israel has consistently been the largest recipient of US foreign aid from 1976-2004, including both economic support fund, or ESF, grants, which were first given in 1949, as well as military development grants first given in 1974 for Israel to maintain a “quantitative military edge” over its far larger Arab neighbors.¹⁹ The continuous rise in financial support for Israel from the US has historically been motivated by public opinion, most notably following the six-day war when the US perceived Israel as a bullied nation “constantly under siege” as well as by its high demand for advanced weaponry. Over time, Israel has come to represent a strong strategic ally for the United States by maintaining a dominant intelligence presence and providing an accessible gateway for the US to express its interest in the Middle East.

In 1996, Israeli Prime Minister Binyamin Netanyahu informed a joint session of the US Congress that, “In the next four years, we will begin the long-term process of gradually reducing the level of your generous economic assistance to Israel.”²⁰ While efforts to reduce economic aid have indeed been successful in weaning the Israeli economy off of outside assistance, it is important to note that total aid to the nation has in fact risen since 1996 – facilitated by incremental increases in military grant aid. Indeed, the plan unveiled by Israeli Finance Minister Yaakov Neeman in 1998 aimed to replace the \$1.2 billion in annual economic aid given to Israel at the time with an increase in military aid of \$60 million per year over ten years in addition to the existing \$1.8 billion in annual military aid and generous “joint defense

¹⁹U.S. Library of Congress. Congressional Research Service. “U.S. Foreign Aid to Israel,” by Jeremy M. Sharp. CRS Report RL33222. Washington, DC: *Office of Congressional Information and Publishing*. December 4, 2009.

²⁰U.S. Library of Congress. Congressional Research Service. “Israel: U.S. Foreign Assistance,” by Clyde R. Mark. CRS Report IB85066. Washington, DC: *Office of Congressional Information and Publishing*, March 7, 2005.

development” funds that Israel already receives.²¹ As such, the State of Israel's defense budget has grown to receive an annual average of over \$3 billion in military aid.

Domestic public policy decisions regarding aid to Israel still largely depend upon the same justification for aid to Israel as they did forty years ago: Israel requires military aid to protect its sovereignty from hostile neighbors. While Israel's neighbors still make grand threats to the nation, Israel no longer finds itself in the existential struggle around which the American policy towards Israel was originally constructed. Indeed, an empirical analysis of Israel's firepower today seems to suggest that Israel has an enormous technological and material advantage over its more populous neighbors: an advantage that is great enough to ensure its safety without requiring an additional \$3 billion to support its \$14 billion defense budget. Relative to Iran, for example, Israel enjoys a tank and artillery ratio of more than 2:1 while also possessing 460 combat capable aircraft in relation to Iran's 336. Israel also possesses nuclear weapons albeit unofficially, while Iran as of yet does not. To contextualize this disparity, Iran has a population more than 10 times that of Israel's and is responsible for land that is 80 times larger than Israel's, including occupied territories, yet Israel has a reserve military population nearly equivalent to the size of Iran's and is armed with military equipment that is both more advanced and in a better state of repair.²² Israel also possesses the strongest intelligence capability in the region, and as such has an absolute advantage in both covert as well as conventional warfare relative to its neighbors.²³

Additionally, penalties in aid that were originally enacted to deter Israel from constructing settlements in occupied territories have proven counterproductive. The reductions in aid, which correspond to the real-estate value of illegal settlements, do not provide a strong enough incentive for the government to cease supporting land seizures within the context of a \$3 billion annual payment. Indeed, given that this aid constitutes a major portion of the IDF's budget, and that the IDF has been shown to support and protect illegal settlers in the West Bank, it would seem that the United States'

²¹ibid

²²Global Fire Power. "Countries Ranked by Military Strength 2014," by Staff Writers. Data compiled from CIA World Factbook, April 3, 2014.

²³Raas, Whitney, and Austin Long. "Osirak Redux? Assessing Israeli Capabilities to Destroy Iranian Nuclear Facilities." *International Security*, 31[4], pp. 7-33. Cambridge: MIT Press, 2007.

aid program has in fact encouraged the establishment of illegal settlements rather than disincentivizing it using penalties.²⁴

Israel receives far more aid than it needs to stay safe and secure. The nation committed to achieve a state of financial independence and freedom from aid nearly two decades ago but continues to be the only developed nation in the world to receive unilateral US grant support in excess of \$3 billion.²⁵ Changing the status quo to reflect modern circumstances, that is, reducing military aid by at least 50% and withholding much of the remainder until illegal settlements activity is ceased, would require massive resistance by policymakers to domestic interest groups, but may prove necessary as part of a responsible foreign policy framework. Without a legitimate counterpart to AIPAC, Christians United for Israel, or other domestic lobbying organizations, it seems unlikely that any shift can be made to reduce the United States military aid to Israel to a more appropriate level.²⁶

1.3 Latin America and the Drug War

In the face of its astronomical cost in money and lives, Americas militarized drug war in Latin America has made exasperatingly limited progress. In recent years, the US has awarded the region more than \$300 million in military assistance annually with the goal of building the capacity of local law enforcement agencies through police training, technical assistance, and equipment purchases.²⁷ However, the aid's actual application has long been plagued by issues of state corruption and diversion by local governments to criminal organizations.

The majority of aid is given in the form of International Narcotics Control and Law Enforcement, or INCLE, which continues to fund domestically led efforts against drug trafficking, criminal organizations, and the cultivation of illicit crops. The next largest category of military assistance provided to the Americas has been Foreign Military Financing, or FMF, which supports

²⁴Mearsheimer, John J., and Stephen M. Walt. *The Israel Lobby and U.S. Foreign Policy*. New York: Farrar, Straus and Giroux, 2007.

²⁵Lind, Michael. "Distorting U.S. Foreign Policy: The Israel Lobby and American Power." *Washington Report on Middle East Affairs*, May, 2002, pp. 26-31. Washington: American Educational Trust, 2002.

²⁶*ibid.*

²⁷U.S. Overseas Loans and Grants: Obligations and Loan Authorizations, last modified September 30, 2012, accessed October 16, 2014, <https://eads.usaid.gov/gbk/>.

recipients efforts to control national territory, followed by International Military Education and Training, or IMET.²⁸ In order to make more sustainable headway against drug trafficking in the Western Hemisphere, the US needs to reform its military aid policy, reconsidering the quantity, quality, and conditions of its assistance to countries in Central and South America.

First, the involvement of American troops in the region should be reduced. Direct intervention has proven unsustainable in the long term. Though past US military operations have resulted in the successful seizure, or “disruption” of millions of dollars of drugs, the local decreases in trafficking activity are often only temporary, as cartels quickly adapt and develop new routes.²⁹ Moreover, much of Americas military involvement in the region has been outsourced to private military companies.³⁰ In addition to training foreign troops, the roles of these civilian contractors have grown “out of proportion to what their original contracts provided to include security services in combat zones.”³¹ The increasing reliance on civilian contractors, however, has led to a culture of “plausible deniability,” with the private military companies third-party presence “justif[ying] the governments denial of direct participation.”³² Such accountability issues compound existing questions about the damage that the drug war does to local civilian populations and the infrastructure upon which they depend. This reality stands in stark contrast to US human rights law, which makes “governments respect of human rights a precondition to receive aid.”³³ It is therefore in both the US and Latin Americas best interests for the former to gradually decrease its dependence on private military contractors. Initially, American troops would replace the

²⁸Department of State, Foreign Operations, and Related Programs, Fiscal Year 2015 Congressional Budget Justification, Doc. (2014).

²⁹Isacson, Adam, et al., *Time to Listen: Trends in U.S. Security Assistance to Latin America and the Caribbean* (n.p.: Center for International Policy, Latin America Working Group Education Fund, and Washington Office on Latin America, 2013), 8.

³⁰McCallion, Kristen. “War For Sale! Battlefield Contractors in Latin America & the Corporatization of Americas War on Drugs,” *The University of Miami Inter-American Law Review* 36, no. 2/3 (Winter-Spring 2005): 317, accessed November 12, 2014, <http://www.jstor.org.ezp-prod1.hul.harvard.edu/stable/pdfplus/40176598.pdf>.

³¹Ibid, 318.

³²Ibid, 319.

³³Bartilow, Horace A. “Drug Wars Collateral Damage: U.S. Counternarcotic Aid and Human Rights in the Americas,” *Latin American Research Review* 49, no. 2 (2014): 24, accessed November 12, 2014, http://muse.jhu.edu.ezp-prod1.hul.harvard.edu/journals/latin_american_research_review/v049/49.2.bartilow.pdf.

contractors, but the USs long-term goal should be to greatly reduce direct military intervention in favor of capacity building of the local law enforcement and justice sectors. As more local police are graduated and trained, they should comprise the majority of the manpower behind counternarcotics operations.

In order to improve its human rights record in the region, the US also needs to adopt a more stringent stance on corruption. Though current counternarcotics efforts in Latin America emphasize domestic leadership, such programs will be counterproductive if the US fails to ensure that that domestic governance machinery is equipped to fight internal corruption. Americas efforts to strengthen local law enforcement agencies should not be focused on the provision of arms, as the Washington-funded flow of assault weapons into the hands of cartels has been well documented.³⁴ Rather, in order to make sure any and all security gains are irreversible, efforts should continue to address professionalizing defense forces and institutionalizing respect for the rule of law. Aid should be directed to federal and state criminal justice structures, not only law enforcement agencies but also prosecutorial, judicial, and corrections institutions. This aid should be made explicitly conditional on the prohibition of misappropriation of funds, and bureaucratic measures should be put in place to immediately halt assistance if a state recipient is shown to have links to cartels. This monitoring would be carried out by US intelligence organizations, working in collaboration with local law enforcement agencies. Though close monitoring will have certain costs, such costs will be trivial compared to the enormous losses, both monetary and political, that the US will suffer if the government continues to blindly fund corrupt organizations.

1.4 Sub-Saharan Africa

The most vital American National Interest at stake in Sub-Saharan Africa is the prevention of a potential attack on the United States by African terrorist networks. Fulfilling this interest should be the central goal of military aid policy to Africa. This goal should take precedence over secondary interests including increasing regional stability, preventing human rights violations, and promoting democratic institutions.

The State Department maintains that the best way to deal with terror-

³⁴Isacson et al., 3.

ist networks in Africa is to work “with regional governments to increase their capability, foster regional cooperation, and counter violent extremism.”³⁵ Over the past two years, however, the United States has reduced Foreign Military financing to Africa by over 30%, threatening our nations ability to effectively address key American national interests in the region.³⁶ The reduction in military aid to these states represents a concerning trend that should be reversed.

Military aid to Sub-Saharan African states, however, faces difficult roadblocks. Aid can only be effective when the states are themselves commit to fight and degrade terrorist networks within their borders. Otherwise, there is no guarantee that military aid will be used to further Americas foremost national interest in the region. This policy recommendation focuses on two facets of US military aid to African states: a brief analysis of the countries to which we should send the bulk of our military aid, and a description of the methods through which the aid should be implemented.

Consistent with our most pressing national interest in the region, the bulk of American military aid to Africa should be given to countries with extensive terrorist networks that pose a potential threat to the United States. Such terrorist groups include: Boko Haram in Nigeria, Al Shabaab in Somalia, and al-Qaida in the Islamic Maghreb, or AQIM, spread across Algeria, Libya, Mali, Mauritania, Morocco, and Tunisia.³⁷ Recent US government reports emphasize that these groups continue to represent an appreciable threat to the United States and its allies.

The most effective way to deal with counterterrorism in Sub-Saharan Africa is to help African states become dependable allies with properly trained counterterrorism forces. This can be done most effectively by sustaining and increasing International Military Education and Training to select African states. Direct provision of weapons can be dangerous as the weapons can easily end up in the hands of antagonistic leaders or terrorist groups as in Congo and Libya.³⁸

IMET, on the other hand, has proven effective at helping foreign mil-

³⁵Laub, Zachary and Masters, Jonathan. “Al-Quaeda in the Islamic Maghreb.” *Council on Foreign Relations*. January 8, 2014. <http://www.cfr.org/terrorist-organizations-and-networks/al-qaeda-islamic-maghreb-aqim/p12717>.

³⁶“Foreign Military Financing Account Summary.” US Department of State. 2014. <http://www.state.gov/t/pm/ppa/sat/c14560.htm>.

³⁷Laub and Masters

³⁸ibid

itarities simultaneously become more self-reliant and more cooperative with US national interests. IMET is also one of the best ways to professionalize foreign militaries and form properly trained counterterrorist forces. As Gen. Bantz Craddock, former head of US European Command, testified, “IMET [is] our most powerful security cooperation tool and proves its long-term value every day.”³⁹

However, over the past three years, the United States has decreased IMET spending in many of the above listed countries. For example, IMET aid to Nigeria has decreased from over \$1 million in 2011 to just \$730,000 in 2014.⁴⁰ Similarly, Mali has seen a decrease from \$397,000 to \$150,000 over the same time period. Considering the substantial terrorist threat the United States faces in Sub-Saharan Africa, the US needs to invest in the future of African militaries by increasing IMET aid to those nations where terrorist networks are beginning to flourish.

³⁹Reveron, Derek S. *Exporting security: International engagement, security cooperation, and the changing face of the US military*. Georgetown University Press, 2010.

⁴⁰“International Military and Training Account Summary.” US Department of State. 2014. <http://www.state.gov/t/pm/ppa/sat/c14562.htm>.

2 Military Assistance to Non-State Groups

2.1 Afghanistan

During the 1970s, Afghanistan experienced dramatic changes in governance, culminating in the Soviet Unions invasion. The first key change occurred in 1973, when Prime Minister Mohammad Daoud Khan overthrew the Afghan King, Mohammed Zahir Shah, ending the monarchy. Khan himself was overthrown on April 27, 1978, when the Peoples Democratic Party of Afghanistan, the Afghan communist party, seized power. It then established the Democratic Republic of Afghanistan and made its Secretary General, Nur Muhammad Taraki, the President of Afghanistan. Although PDPA had finally gained control, it remained divided between two factions, Khalq and Parcham. They enacted some Soviet-style modernization, including changes in marriage customs, land reform, abolition of usury, and cancellation of farmers debts. During the first eighteen months of the PDPAs rule, its policies came under criticism from conservatives and powerful landowners as being anti-Islam, and in mid-1978 a civil war broke out between the government's forces and the Mujahideen, a group of Muslim rebels opposing the government and fighting for an Islamic state. Facing internal coups and division and a deteriorating security situation, the Soviet Union invaded Afghanistan with 30,000 troops setting up a client state led by Babrak Karmal. Karmal had little popular support and continued to face opposition from the Mujahideen rebels.⁴¹⁴²

After the Soviet invasion, the US stepped up aid for rebel groups as part of its larger Cold War strategy. US aid was intended for any group that could pose a substantive challenge to the new, communist government in Afghanistan and bleed the Russian occupation forces. The US funneled weapons, including both small arms and more advanced anti-tank and anti-aircraft weapons, and cash through Pakistans spy agency, the Inter Services Intelligence Directorate, or ISI which often picked more fundamentalist groups within the Mujahideen.⁴³

⁴¹Braithwaite, Rodric. *Afghantsy: The Russians in Afghanistan*. 1979-1989. New York: Oxford University Press, 2011.

⁴²Boot, Max. "Russia's Vietnam: The Red Army vs. The Mujahideen, 1980-1989." In *Invisible Armies: An Epic History of Guerrilla Warfare from Ancient times to the Present*. New York: Liveright Pub., 2013.

⁴³Riedel, Bruce O. "What We Won: America's Secret War in Afghanistan." 1979-89.

US aid in Afghanistan did achieve its primary objective of undermining Soviet control and causing Soviet forces to withdraw.⁴⁴ However, in the long term, US national security interests were severely undermined. Due to the movement of resources through the ISI, some aid ended up in the hands of groups that had the explicit objective of establishing a state based on an extremist interpretation of Islam, some of whom still operate in the region to this day. The ISI experience emphasizes the danger of having third parties act as middlemen in aid to non-state actors. By relying on the ISI to distribute aid, rather than having American intelligence officials on the ground, the US was able to minimize risk to American personnel, but also had significantly reduced leverage over the Mujahideen factions later. This lack of influence also proved problematic in the type of aid provided. The United States was more hesitant about providing advanced anti-air weapons, such as the Stingers due to the concern that they would end up in the hands of American rivals, and in fact both Iran and the Soviet Union were able to obtain Stinger missile launchers and study them. The provision of advanced aid to an actor over which the United States does not have significant influence was thus an error which helped American technology spread to hostile militaries.⁴⁵ The aid also helped fuel further civil war in Afghanistan after the Soviet withdrawal. This led to collapse of the Afghan state and the rise of the fundamentalist Taliban movement, which is still engaged in an insurgency against the United States and ISAF allies in Afghanistan.

2.2 Nicaragua

As part of American efforts to diminish the influence of the Soviet Union during the Cold War, the Iran-Contra affair emerged as a clear example of American interventionist foreign policy. In 1979, Nicaraguan nationalist forces had compelled the ruling dictator, Anastasio Somoza, whom both the United States and Israel supported, and his family to leave the country. Somozas regime was replaced by the Sandinista National Liberation Front,

Washington, D.C.: Brookings Institution Press, 2014.

⁴⁴“Uneasy Prospect.” *Economic and Political Weekly*. 23.17 (1988): 811. JSTOR. Web. 12 Nov. 2014.

⁴⁵Veit, Raphael. “Afghanistan: Can We Fix It?” *AQ: Australian Quarterly* 74.1 2002: n. pag. JSTOR. Web. 12 Nov. 2014. <http://www.jstor.org/stable/10.2307/20638059?ref=no-x-route:881f5fc4a38ee1e5b4c7702d7fee7a3c>.

or FSLN, a Marxist group unfriendly to US interests.⁴⁶ The United States, aiming to stem the spread of communism in Latin America, began aiding rebels working against the communist Sandinista regime of Nicaragua.

Taken in context of the US's larger Cold War strategy of containment, the support of the rebels is unsurprising. The Sandinista government began a partnership with the USSR soon after forming, and received Soviet weapons from Cuba. It also nationalized many of Nicaragua's industries and funded leftist rebels in El Salvador. This behavior caused the US to fear that the Sandinista regime might spread communism throughout Central America, prompting Reagan to direct the CIA to fund the Contra rebels, a revolutionary, anti-communist rebel group fighting against the Sandinista regime. At the same time, the United States, using Israel as a go-between, engaged in illegal weapons sales with Iran, who desperately needed weapons for its war with Iraq. The bulk of the United States arms sales to Iran during the Iran-Contra affair consisted of eight separate transactions. Some of the profits from the arms sales to Iran were diverted back to the Contras in Nicaragua.⁴⁷

The United States provision of financial, military, and logistical aid to the Contras, including training, food, and weapons, ran from 1979 to 1990. Early on, the aid was driven by the CIA, but in 1984, Congress approved \$24 million in additional aid. This policy quickly lost support when it was revealed that the CIA had played a role in the mining of Nicaraguan ports, and that Reagan had overstated the Soviets actual interference in Nicaragua. Accordingly, the administration began to seek other means of providing aid. From 1984 to 1986, the United States routed \$34 million to the Contras through third party countries, in addition to \$2.7 million via private sources. This aid came through the NSC under the supervision of Lieutenant Colonel Oliver North, whose organization, "The Enterprise, constituted a secret arm of the NSC."⁴⁸

When considering the implementation of US foreign assistance to the Contra rebels, efficiency is a major concern. Richard Secord and Albert Hakim, two individuals commissioned by Oliver North to get aid to the contras, profited off the arrangement. As a result, not all of the money allocated for the contras got to them.

⁴⁶ "The Iran Contra Affairs." *Understanding the Iran-Contra Affairs*. Accessed October 16, 2014.

⁴⁷ *ibid*

⁴⁸ *ibid*

Furthermore, American policymakers intended the assistance program to culminate in either a Contra military victory or a violent response by the Sandinistas to American involvement, which the US could use as a pretense to intervene with regular military forces. The Sandinistas did indeed lose power, but not in this manner. Rather, they were voted out of power in the 1990 election. The character of this change, electoral, rather than military, casts doubt on the necessity of military aid to the contras and whether US aid had a significant effect. It may be that the Nicaraguan electorate would have come to vote against the Sandinistas regardless of US aid, due to inherent disillusionment with the regime. On the other hand, the contras are reported to have killed 42 people leading up to the election in acts of voter intimidation, indicating that the electorate might not have turned on the Sandinista's without extrajudicial motivation. Similarly, US support for the contras over the years may have contributed to the peoples disenchantment with Sandinista rule by giving the impression that they were incapable of stopping the terrorism and violence.⁴⁹ Even so, the causal link between US assistance and the termination of Sandinista rule is murky at best. This lukewarm account of aid efficacy stems largely from the inherent problems of the contras as a military force. Even with US backing, the odds of them executing a military coup were poor, which is partially why they relied so heavily on terrorist tactics.

2.3 Angola

The civil war in Angola broke out in 1975, soon after Angola officially gained independence from Portugal, and featured a power struggle between the Peoples Movement for the Liberation of Angola, or MPLA, National Union for the Total Independence of Angola, or UNITA, and the National Liberation Front of Angola, or FNLA. Almost immediately, all three organizations found support from different foreign backers; the Soviet Union and Cuba threw heavy support behind the leftist MPLA, while South Africa backed UNITA.⁵⁰ However, the United States, though offering public support to both UNITA and FNLA as an anti-MPLA coalition, initially provided little in terms of concrete aid; the Clark Amendment of 1975 barred the United

⁴⁹ibid

⁵⁰“U.S. Aid to Anti-Communist Rebels: The “Reagan Doctrine” and Its Pitfalls.” *Ted Galen Carpenter*. June 24, 1986. Accessed October 16, 2014. <http://www.cato.org/pubs/pas/pa074.html>.

States from aiding any of the groups, although the Reagan Administration likely violated the amendment before it was officially repealed in 1985.⁵¹

The United States was among the largest sources of support for UNITA due to the support of conservative groups in the United States, including the Reagan administration, due to fears of communist expansion.⁵² These groups believed that Angola was part of a larger Soviet effort to take control of South Africa and gain influence in the African continent.⁵³ The aid was not trivial; in 1989 alone, the CIA provided an estimated \$50 to \$60 million in aid to UNITA.⁵⁴

With the support of the Soviet Union and Cuba, the MPLA was able to install a government, prompting some in the the United States to claim that Angola had been “lost to “Soviet-Cuban adventurism.””⁵⁵ Meanwhile, “the war continued between the Government that had been established in Luanda by [the MPLA] in November 1975 and [UNITA], with devastating implications for the country’s estimated ten million inhabitants.”⁵⁶ Under the Reagan Administration, the US became more vocal in its opposition to the MPLA, and, with the repeal of the Clark Amendment, began to aid UNITA to a much larger degree, with the aim of precipitating the withdrawal of Cuban troops and forcing the MPLA to hold multiparty elections. In 1986, the US gave \$15 million in aid to UNITA, a figure that would only increase later on; by the late 1980s, the US was providing roughly \$50 million in aid.⁵⁷

The support of the United States for UNITA was primarily an element of an American anti-communist strategy and a desire to check Soviet influence in southern Africa. Given that civil war ended in an MPLA victory, the United States support seems to have failed in its primary objective.⁵⁸

⁵¹Minter, William. “The US and the War in Angola.” *Review of African Political Economy*. no. 50 (1991): 135-44. Accessed October 16, 2014.

⁵²“Who Supports UNITA and RENAMO?” *The Black Scholar*. 18, no. 6, SOUTHERN AFRICA: THE FRONTLINE WAR (November 01, 1987): 47-48. Accessed October 16, 2014. <http://www.jstor.org/stable/10.2307/41067427?ref=no-x-route:05eb9cdf6e7e2d704c6ab1189d9a539a>.

⁵³Tvedten, Inge. “U.S. Policy towards Angola since 1975.” *The Journal of Modern African Studies* 30, no. 1 March 01, 1992: 31-52. Accessed October 16, 2014. <http://www.jstor.org/stable/10.2307/161045?ref=no-x-route:6a0d1c936461226174d7dceebbeaeab9>.

⁵⁴Minter, William

⁵⁵Minter, William

⁵⁶Tvedten, Inge

⁵⁷Minter, William

⁵⁸Chrisman, Robert. “ANGOLA NEWS REPORT.” *The Black Scholar*.

American assistance did succeed in achieving certain secondary goals. Aid to UNITA likely played at least some role in Cuba's decision to withdraw all of its 30,000 troops from Angola by 1991. Though Cuban forces and the MPLA had the upper hand throughout most of the 1980s, South African and American involvement pushed the war to a stalemate. By 1988, "the point had been reached where the costs of the war in Angola exceeded its anticipated benefits."⁵⁹ By increasing the costs of a continued Cuban presence in Angola and by heightening the losses of the MPLA, US aid to UNITA contributed to bringing all sides to the negotiating table, ultimately causing Cuba to withdraw its troops from Angola in exchange for South Africa pulling out of Namibia.⁶⁰ Likewise, continued US aid likely played a part in sparking multiparty elections in Angola, as it evened the balance of military power between UNITA and the MPLA, incentivizing the MPLA to enter peace negotiations with UNITA. Further, the US explicitly used aid as an incentive for the MPLA to continue negotiations, assuring the MPLA that, "with national reconciliation, it would consider ending military aid to UNITA."⁶¹

Even taking these successes into account, however, it seems unlikely that US assistance had a positive effect on balance. Ultimately, the US doomed its own plan by choosing the wrong partner; UNITA showed itself to be relatively uninterested in maintaining peace or democracy. When elections were held in 1992, as stipulated in the 1991 pact between UNITA and the MPLA, the MPLA emerged as the victor. Despite international monitors generally agreeing that the elections were free and fair, UNITA rejected the results and continued its resistance to the MPLA government, revealing that its fundamental goal was one of power instead of democracy.⁶² Hostilities resumed, and they continued until the death of UNITA's leader in combat in 2002. Thus, though the United States aid contributed to the removal of Cuban troops and the holding of a multiparty election, it did not help create

7.6, BLACK FUND RAISING (1976): 42-43. JSTOR. Web. 13 Nov. 2014. <http://www.jstor.org/stable/10.2307/41065998?ref=no-x-route:ed707e9788d38cce8489a9bc31f2a759>.

⁵⁹Rothchild, Donald S. *Managing Ethnic Conflict in Africa Pressures and Incentives for Cooperation*. Washington, D.C.: Brookings Institution Press, 1997.

⁶⁰ibid

⁶¹ibid

⁶²"Former Rebels in Angola Shun Unity Meeting." *The New York Times*. November 22, 1992. <http://www.nytimes.com/1992/11/22/world/former-rebels-in-angola-shun-unity-meeting.html>.

peace and indeed only empowered a destabilizing group.

2.4 Policy Recommendations

Although the above case studies reflect instances of programs that proved to be flawed, unproductive, and sometimes harmful to US national security in the long term, aid to non-state actors is not inherently problematic, and through stricter guidelines and more accountability as outlined below, can become more successful.

Reflecting upon the relative lack of accountability in past distributions of foreign aid to non-state actors, this report recommends that future aid be approved by an interagency review board. While such a body can still err in its recommendations, increased oversight better ensures that both the type of aid and the recipients have been thoroughly vetted and do not jeopardize American national security.

American interests will not be served by providing American military aid to non-state actors in all conflicts. In general, the US should only distribute aid to a nonstate actor if doing so will help prevent mass killings on the part of another group or government. The US should not distribute aid in conflicts for the express purpose of promoting destabilization of an area, as was in many ways the strategy employed in the aid for the Mujahideen in Afghanistan. Without an existential threat on the scale of the Soviet Union against which to direct such efforts, destabilization of a region runs a significant risk of creating ungoverned spaces where anti-American groups can organize. The US should be cautious when providing aid for the purpose of aiding a revolution or removing a specific leader or regime from power, since failing in this objective would solidify the regimes anti-American alignment, while succeeding runs the risk of state as well as regime collapse, creating dangerous ungoverned territory. If US policymakers do decide to attempt to overthrow a specific government, the opposition group being aided should have a specific leader or leaders capable of governing following an insurgent victory.

In the future, American foreign policy agencies should require that US personnel are stationed on the ground for implementation of aid programs. If the US is not willing to commit American intelligence officers or military advisors to a given conflict, then aid should not be given, and without American personnel present, verifying accountability becomes much more difficult. US officials can better ensure that aid gets to intended groups for their stated

purposes, monitor the situation to determine the progress of the groups, and report back on the nature of the conflict to ensure appropriate aid is given based on each unique case. US officials should choose and evaluate all groups that receive US aid and should directly distribute the aid. In the past, distributing aid through third parties, such as through Pakistan in the Afghan case, has proven to be inefficient and sometimes has compromised American policy goals. Once aid is delivered, US personnel should train recipient groups, if applicable, in the skills required for using the materials provided. Training allows the United States to maintain stricter control over the recipients of aid and their actions against the target regime.

With regard to the type of aid the United States provides, non-lethal aid should be given in place of lethal aid whenever possible. Lethal aid should be considered in two general categories: small arms, and advanced arms. Small arms are defined as weapons such as grenades, rifles, light machine guns, and other anti-personnel type weapons. This class of lethal aid can be dispersed more freely by the United States, as it is less likely that this type of lethal aid will allow any groups that may turn against American interests to significantly enhance their ability to harm the United States. The United States should be significantly more judicious when providing advanced arms, defined here as advanced anti-vehicle, anti-tank, and anti-aircraft weaponry, as these weapons could be much more efficacious in compromising the military advantage of the US and its allies in local conflicts. These types of advanced weaponry should only be dispersed when it is absolutely crucial for the success of the mission, and the recipients of the aid are viewed as cohesive and reasonably well structured, demonstrate a high level of accountability within their group, and have an armed force capable of effectively controlling the territories they take over. Finally, the ammunition for advanced weaponry should be provided to groups as needed on a regular basis, as opposed to in a lump sum, allowing the United States to maintain more control over the activities of the non-state actor.

3 Development Aid

3.1 Understanding Development Aid

Development aid is unquestionably tied to issues of national security. The Presidential Directive on Global Development states that “development is vital to US national security.”⁶³ Development can be achieved in various forms and therefore varieties of aid addressing specific issues exist, including health, environment, and peace and democracy, to name a few. In attempts to reach development objectives with assistance-recipient countries, the US uses aid to directly address “broad-based economic growth, democratic governance, game-changing innovations, and sustainable systems for meeting basic human needs.”⁶⁴ In short, development aid encompasses issues from agriculture and health to political stability and promotion of peace.

The efficacy of development aid has been controversial in the academic literature for quite some time. At the microeconomic level, researchers estimate the impacts of individual programs on relevant economic outcomes; at the macroeconomic level, researchers seek to estimate the relationship between aid levels and growth rates across countries. These two methods of estimating the impact of development aid have produced conflicting results. In general, microeconomic analyses of individual aid programs find that development projects can make a significant positive impact on economic growth.⁶⁵⁶⁶ On the other hand, macroeconomic analyses often find little or no association between levels of development aid and economic growth.⁶⁷⁶⁸ This conflict between micro and macro evidence about the effectiveness of aid, known in development economics as the “micro-macro paradox,” is due at least in part to methodological issues in the macroeconomic literature.⁶⁹

⁶³Foreign Assistance, “U.S. Global Developmental Policy,” accessed November 20, 2014. <http://www.foreignassistance.gov/web/AboutGlobalDvmtSupport.aspx>.

⁶⁴ibid

⁶⁵Mishra, Prachi, and David Newhouse. “Does health aid matter?” *Journal of health economics* 28, no. 4 (2009): 855-872.

⁶⁶Arndt, Channing, Sam Jones, and Finn Tarp. “Assessing foreign aids long run contribution to growth and development.” *World Development* (2014).

⁶⁷Easterly, William. “Can foreign aid buy growth?” *The journal of economic perspectives*. 17, no. 3 (2003): 23-48.

⁶⁸Boone, Peter. “Politics and the effectiveness of foreign aid.” *European economic review*. 40, no. 2 (1996): 289-329.

⁶⁹Headey, Derek. “Geopolitics and the effect of foreign aid on economic growth: 1970-

Estimating the impact of aid on economic growth at the macroeconomic level is extremely difficult, since aid flows are not exogenous; by its very nature, development aid is intended to flow to the most economically disadvantaged countries. Therefore, separating the treatment effect of aid from the selection effects of the countries to which aid is given is extremely difficult. As Rajan and Subramanian (2007) explain,

“If donors are “Good Samaritans” and motivated by suffering in the recipient country, the lower the growth, and the more the suffering, the greater will be the desire to give aid to alleviate it. Thus there might be a negative correlation between aid and growth but this does not reflect causation from aid to growth. Conversely, if donors are motivated to give to successful recipients, one might see a positive correlation between aid and growth, and this again would not reflect causation from aid to growth.”⁷⁰

This issue of endogeneity is a recurring problem through the “long and inconclusive” literature on aid and economic growth in the 1960s, 1970s, and 1980s.⁷¹ While many observers have regarded these inconclusive findings as evidence that foreign aid does not significantly impact economic growth, the reality is that confounding variables and external factors have largely obscured the relationship between aid and economic growth in most studies to date.⁷² Because macroeconomic models are so complex, estimates of the rate of return on foreign aid are extremely sensitive to unverifiable assumptions, small changes in preferred specifications, and subjective decisions about which external variables to control for. In the absence of random instruments, accurately estimating the impact of development aid on economic growth is nearly impossible.

However, despite the difficulties of assessing the economic impact of aid, recent research has offered some support for the notion that aid positively impacts economic growth. In a frequently-cited 2000 paper in the *American Economic Review*, Burnside and Dollar divided their data into four-year subsamples to account for the fact that aid may be correlated with

2001.” *Journal of international development*. 20, no. 2 (2008): 161-180.

⁷⁰Rajan, Raghuram, and Arvind Subramanian. “Does aid affect governance?” *The American economic review* (2007): 322-327.

⁷¹Easterly

⁷²Rajan and Subramanian

growth rates over time. Controlling for ethnic fractionalization, political violence, regional effects, and arms imports, Burnside and Dollar concluded that “Aid has a positive impact on growth in developing countries with good fiscal, monetary, and trade policies, but little effect in the presence of poor policies.”⁷³ More recent research has generally substantiated the claim that foreign aid improves economic growth; as one recent literature survey concludes, “the large majority of up-to-date empirical studies in the economics literature have found positive impacts. In rough terms, these studies suggest that receipt of foreign aid is equal to 2.5 percent of GDP over a sustained period is expected to boost growth by approximately 0.25 percentage points on average.”⁷⁴

So why the difference between the “inconclusive” literature of the 60s, 70s, and 80s and the more optimistic picture painted by recent research? One reason could be that more advanced econometric methodology has enabled researchers to separate the effects of development aid from other economic factors.⁷⁵ Furthermore, Heady (2008) found that “bilateral aid had no significant effect on growth during the Cold War (pre-1990), but had a significant and sizeable effect thereafter.”⁷⁶ Given the historical circumstances, it may well be that anti-Communism and not economic development was the primary objective of Cold War development aid. Regardless, a growing body of macroeconomic research supports what microeconomists have argued for decades: aid works. There are certainly a number of important caveats: aid works best when recipient countries have good economic policies in place and when donor countries make economic growth their top priority, and the economic impact may not be as large as has been hoped. However, there is evidence to suggest that development aid can help countries succeed economically.

3.2 Reforming Development Aid Distribution

After concluding that foreign aid does produce economic growth, it is now important to discuss measures to make its allocation more effective

⁷³Burnside, Craig, and David Dollar. “Aid, policies, and growth: reply.” *American economic review*. (2004): 781-784.

⁷⁴Arndt, Channing, Sam Jones, and Finn Tarp. “Aid, growth, and development: have we come full circle?” *Journal of Globalization and Development*. 1, no. 2 (2010).

⁷⁵ibid

⁷⁶Headey

and efficient. The most visible arm of United States foreign development assistance is the United States Agency for International Development, or USAID, which currently operates in more than 100 countries, with a \$20.4 billion budget for FY 2014.⁷⁷⁷⁸ The past two presidential administrations have rhetorically elevated the importance of development as part of a “new paradigm of national power”: defense, diplomacy, development.⁷⁹ However, development policy remains the least empowered aspect and is stunted by lack of autonomy, duplication and bureaucratic incompetence.⁸⁰

Although foreign development assistance policy is formulated based on strategic objectives, the encroachment of the State Department has spurred a vicious cycle of redundancy and competition. From the establishment of USAID in 1961 until 1992, the Office of Management and Budget strictly delegated authority of all foreign assistance to USAID.⁸¹ Since 1992, USAID has been systematically weakened, ceding its budgetary authority to the State Department in 2001 and being officially incorporating into State in 2006.⁸² With USAID no longer having the authority or capacity to oversee newly created programs and initiatives, various other agencies and initiatives have formed, resulting in competing objectives and redundant functionalities.

Additionally, crippling bureaucratic inefficiency impedes development policy objectives. The two largest foreign assistance initiatives created in the past 15 years are casualties of this problem. The Presidents Emergency Plan for AIDS Relief, or PEPFAR, and the Millennium Challenge Corporation, or MCC, were established outside the jurisdiction of USAID. The rationale was that new initiatives within this “suffocating bureaucracy” would not have the flexibility and autonomy to achieve their goals.

The problems plaguing US development policy are situated along multiple levels and therefore must be resolved as such. First, to adhere to the

⁷⁷USAID, “USAID History,” USAID.gov, last modified May 15, 2014. <http://www.usaid.gov/who-we-are/usaid-history>.

⁷⁸USAID, “Fact Sheet: FY 2014 Development and Humanitarian Assistance Budget.” USAID.gov, accessed October 20, 2014. http://www.usaid.gov/sites/default/files/documents/1869/FY2014_DevelopmentBudgetFactSheet.pdf.

⁷⁹Atwood, J. Brian, M. Peter McPherson, and Andrew Natsios, “Arrested Development: Making Foreign Aid a More Effective Tool.” *Foreign Affairs*. November/December 2008, <http://www.foreignaffairs.com/articles/64613/j-brian-atwood-m-peter-mcpherson-and-andrew-natsios/arrested-development>.

⁸⁰ibid

⁸¹ibid

⁸²ibid

“new paradigm of national power” development must be substantively raised to the position of importance this rhetoric implies.⁸³ This necessarily involves organizational independence from the State Department, budgetary independence and consolidation of all external development initiatives under a new Department for International Development. Coordination and execution of development policy within the confines of one reformed Department will necessarily be more cohesive than it would be among disparate agencies and initiatives. To complement this new consolidated and streamlined Department, the Department Secretary should be appointed as a member of the National Security Council and the National Economic Council to better leverage foreign assistance as a tool of national power.

3.3 Reforming Development Aid Evaluation

In addition to administrative reform, better evaluation of development aid is crucial to constructing a workable policy framework. Operating in over one hundred countries, USAID’s implementation and management of development aid universally lacks effective evaluation. Evaluation by definition is the assessment and analysis of aid programs to determine the effectiveness of US aid as well as to assess areas of weakness and develop solutions for improvement. Evaluation machinery exists to measure and improve aid and budget efficiency, and to provide accountability to the process of aid implementation. Unfortunately, such machinery often fails to perform its intended purpose.

Broadly, aid evaluation mechanisms fail on three fronts: the development of appropriate and conclusive procedures, the emergence of positive bias, and the challenges of resource distribution. Given the diversity of aid programs and the complexity of the challenges they attempt to address, constructing thorough and relevant evaluation requires delicacy and study. Even when an evaluation has identified that a dollar of aid produces little discernable change, developing a plan of action becomes no easier, for the cause of the ineffective aid remains difficult to detect. It could be that the objective was poorly defined, the service delivery was inadequate, the bureaucracy incapable, or money diverted.⁸⁴

⁸³ibid

⁸⁴Bourguignon, Francois. “Aid Effectiveness—Opening the Black Box.” *The American Economic Review*. no. 2 (2007): 316-21.

The second evaluation challenge stems from a principal-agent problem, in which aid agencies, expected to perform well, will bias evaluation results to favor the agency. Incentives for positive bias arise in part because aid agencies are individually responsible for evaluation and in part because resources are contested and reputations on the line.⁸⁵ US NGOs are also impacted by positive bias. Because USAID funding to NGOs depends on the past successes, NGOs may be unwilling to share negative results for fear of funding cuts.⁸⁶ Channels for reporting corruption and manipulation of data are also undeveloped, as agency staff often lack incentives and access to safe reporting methods.⁸⁷ At the very least positive bias means an agency will do what is safe rather than what is needed. The principal-agent problem erodes the very purpose of evaluation and serves to harm the recipients of aid more than help them.

The third difficulty in evaluating aid comes in the availability of training and resources. In a survey of 38 US-based NGOs, the 55% that reported difficulty in conducting evaluations ranked the lack of resources as the most significant obstacle in evaluation.⁸⁸ In 2010, initiated by the Obama administration's Quadrennial Diplomacy and Development Review, or QDDR, the agency pivoted its focus from inputs to impacts.⁸⁹ USAID Forward, a reform program designed to make evaluation more effective, requires each aid organization to send a point of contact to receive evaluation training and conduct evaluations, focusing on impact whenever possible. While the shift to impacts will improve the quality of evaluations on the whole, the reformed system does not help to reduce positive bias. Furthermore, evaluation oversight is tucked away in an office with two other functions called the Bureau of Policy, Planning and Learning, Office of Learning, Evaluation and Research or PPL/LER.⁹⁰

⁸⁵Clements, Paul, Thomaz Chianca, and Ryoh Sasaki. "Reducing World Poverty by Improving Evaluation of Development Aid." *American Journal of Evaluation*. no. 2 (2008): 195-214.

⁸⁶Kang, Jiyong. "The Evaluation Practices of US International NGOs." *Development in Practice*. no. 3 (2012): 317-33.

⁸⁷Maxwell, D., Bailey, S., Harvey, P., Walker, P., Sharbatke-Church, C. and Savage, K. "Preventing Corruption in Humanitarian Assistance: Perceptions, Gaps and Challenges." *DISASTERS*. no. 1 (2012): 140-60.

⁸⁸Kang, 332

⁸⁹Lawson, Marian Leonardo. "Does Foreign Aid Work? Efforts to Evaluate U.S. Foreign Assistance." *Congressional Research Service Report for Congress*. 2013.

⁹⁰Evaluation Policy United States Agency for International Development. last modified

Refitting the mechanisms of evaluation in USAID is in the interest of the bureaucracy and the US government. Not only will the global cost-effectiveness and impact of USAID improve with a better system of evaluation, feelings towards US development aid within recipient countries and without could become substantially more positive. We propose that USAID establish a department dedicated solely to evaluation of foreign assistance programs that leads an organization of professional evaluators in designing and conducting evaluations. Placed within the Office of Management and Budget, or OMB, and reporting directly to the executive so as to incentivize improvements in agency efficiency and effectiveness, this USAID evaluation department would foster much-needed accountability and transparency.⁹¹ While establishing a department of evaluation and hiring professional evaluators is not without costs, it would materially improve foreign assistance projects. Even if a third of poorly designed projects were reworked or eliminated, the reduced inefficiencies would allow for more effective aid and reduced costs. At the very least the most corrupt projects would be exposed and halted.⁹² Evaluation itself will be honed and improved, with randomized and impact-oriented evaluations occurring more frequently. In addition, establishing a department whose mission is to evaluate USAID projects will work to reinforce the importance of evaluation and increase its credibility. While an imperfect process, the most productive method in understanding the impacts of aid and improving aid programs is rigorous and precise evaluation, which can only be achieved with a redesigned evaluation system.

September 27, 2013. <http://www.usaid.gov/evaluation/policy>.

⁹¹“Office of Management and Budget.” Whitehouse.gov. last modified 2014. <http://www.whitehouse.gov/omb>.

⁹²Clements, 212

Conclusion

Rather than discussing foreign aid as a one-dimensional issue, with one side advocating greater spending and the other advocating diminished spending, policymakers must reorganize and refocus foreign assistance programs so as to better leverage American geopolitical influence. The administrative machinery undergirding foreign aid must be reformed to engender more efficient delivery of resources. The process of choosing donor organizations must be reexamined so as to foster more productive relationships, giving a higher priority to accountability and sustainability rather than expediency. Finally, the target areas of foreign assistance must be altered to fit the policy demands of the twenty-first century.

US foreign assistance has considerable potential to buttress American alliances and stem the growth of ungoverned spaces abroad, but without substantive reform, it will remain woefully inefficient, if not self-defeating. To enact the sort of reforms that are needed, policymakers must overcome a number of domestic political barriers. In addition to the entrenched interests heavily invested in maintaining the current policy framework on foreign aid, any efforts to enact reforms will face considerable institutional inertia. If policymakers fail to surmount these forces, however, the foreign aid programs of the future will likely fall into the same pitfalls as those of the past.

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