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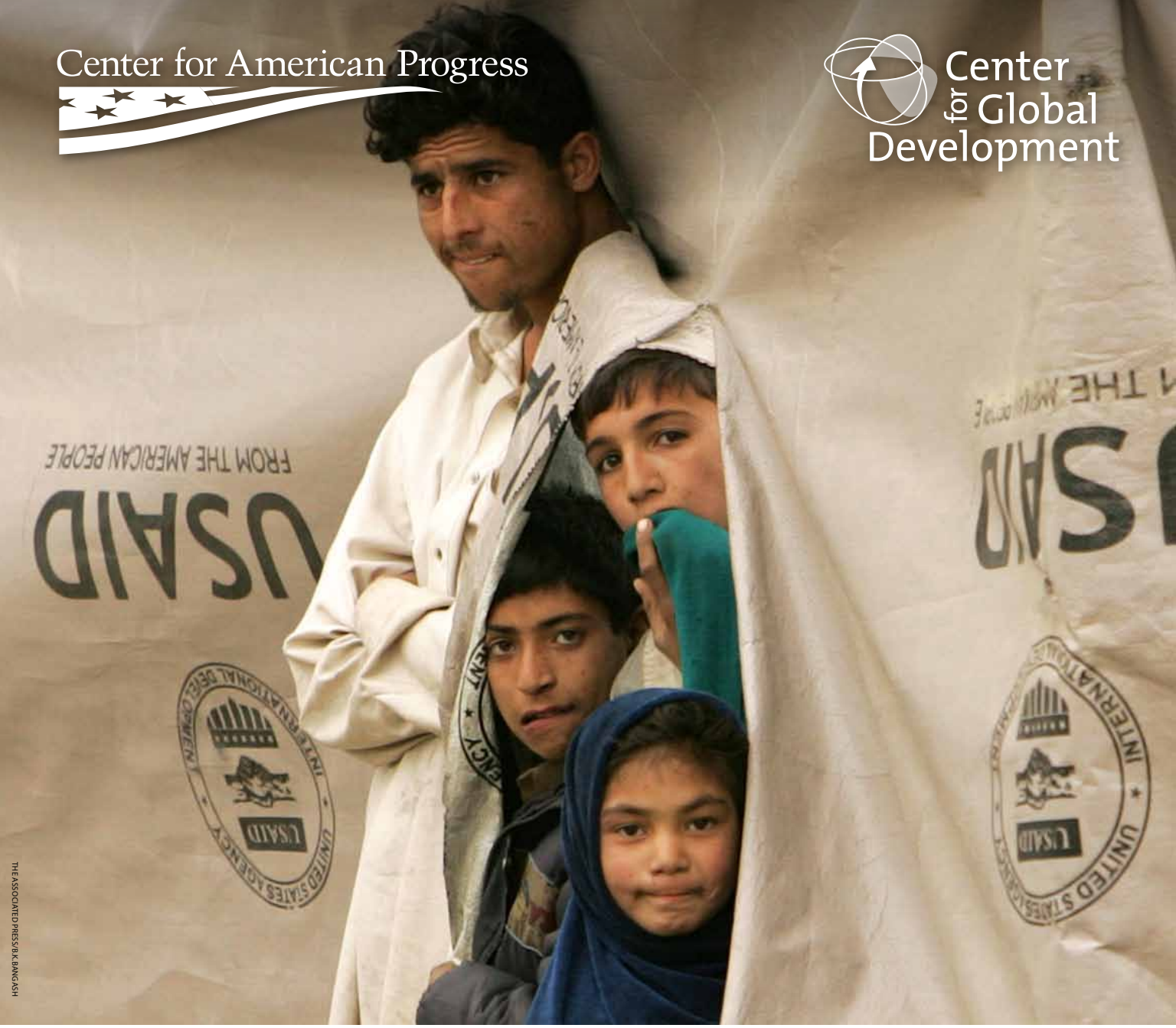

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Engagement Amid Austerity

A Bipartisan Approach to Reorienting the International Affairs Budget

By John Norris and Connie Veillette
With Casey Dunning and William McKitterick

May 2012

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Working Group on Aid Priorities amid Declining Resources

In November 2011 the Center for Global Development, or CGD, and the Center for American Progress, or CAP, formed a Working Group on Aid Priorities amid Declining Resources. That group's work informs this report.

The working group was a diverse selection of experts and practitioners who came together to offer independent policy recommendations on crafting an international affairs budget that advances important reforms, maximizes the most beneficial U.S. programs, maintains core operational capabilities, and identifies areas of lesser priority and funding. The recommendations in this report were developed through consultative meetings, one-on-one interviews, literature reviews, and working group deliberations.

The working group's co-chairs, Connie Veillette of the Center for Global Development and John Norris of the Center for American Progress, authored the final report based on the outcomes. **All opinions in this report are those of the co-authors and do not necessarily reflect the endorsement of the working group members in whole or part.** We are particularly thankful for the significant research assistance of Casey Dunning and William McKitterick of CGD.

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Introduction and summary

U.S. government spending on foreign affairs will face significant pressures in the coming years under almost any scenario. A divisive political environment, continuing worries about a sluggish economic recovery, concerns over rising budget deficits and national debt, and upcoming elections make it difficult for policymakers to reach agreement on budget priorities. That uncertainty will have far-reaching consequences.

This bipartisan report is offered in the spirit of trying to determine how we as a nation can make the most efficient and effective use of scarce resources, reform our foreign affairs institutions, and defend our core national interests amid such major budget uncertainty.

It is important to underscore the importance and value of the international affairs budget in advancing U.S. interests while at the same time conducting reasonable contingency planning for the possibility of sharply reduced funding in the near and medium term. It is ideal for Congress and the administration to reach a sensible 10-year budget plan that includes both cuts and revenues while protecting our core interests both domestically and internationally.

In that light, it is worth mentioning the recently passed "Ryan Budget" to emerge out of the House of Representatives. (This budget plan was issued after the final working group meetings were conducted, and so the opinions on it are solely those of the authors.) The budget plan would slash some $31.6 billion from 2012 levels out of the foreign affairs accounts in just four years. By any reasonable estimation, such an approach would decimate our nation's ability to effectively advance our interests overseas, and such budget calculations cannot be justified based on a deliberate analysis of our needs and foreign policy priorities as a nation.

In contrast, we hope that our report can be used to begin a practical conversation even as the high-stakes budget battle is waged and allow policymakers to both

identify areas that require sustained or even increased resources in order to maintain U.S. global leadership as well as areas of lesser priority.

The United States is not alone in trying to better balance its approach to international affairs at a time of declining resources. A number of our key European allies have also reviewed their approach to diplomacy and development in recent years in hopes of better focus.

Central to this challenge is understanding several important developments that will shape America's engagement in the coming years. These mega-trends include enormous pressures on the federal budget, continued globalization, the increasingly important role that private philanthropy plays in international development, and a likelihood that the major state-building exercises of Iraq and Afghanistan over the last decade will be a historical anomaly.

Almost every major study and review of our foreign affairs institutions and spending priorities has identified areas of dysfunction and operations that need significant reform. Efforts such as the Obama administration's first-ever Quadrennial Diplomacy and Development Review and a Presidential Study Directive on Global Development are important steps forward on reform. Yet enormous work remains, and the executive and legislative branches do not agree on the underpinnings of effective international engagement.

The Center for Global Development and the Center for American Progress established the senior-level Working Group on Aid Priorities amid Declining Resources to help policymakers and concerned citizens set sensible priorities for international affairs spending in the Function 150 account: the State, Foreign Operations, and Related Agencies appropriations bill containing spending on global economic, diplomatic, and humanitarian programs by the State Department, United States Agency for International Development and the Millennium Challenge Corporation among others, and food aid accounts in the agriculture appropriations bill.

Why foreign aid is important

Every U.S. president since Harry Truman has seen economic and security assistance abroad—which made up about 1 percent of the federal budget in recent years—as essential to America's national interests even though foreign aid traditionally lacks strong defenders in Congress. In fact, Republican presidents have overseen the largest increases in foreign assistance. To be sure, foreign assistance is an imperfect tool, but it also is a core part of America's strategy to increase the number of stable, free-market democracies around the world. Such countries make better trading partners and better allies, and are an abiding source of stability.

Nations need not be aid recipients forever. In the 1960s nations across Latin America and Asia were dismissed as perennial basket cases yet countries in both regions combined sensible reforms with a jump-start from U.S. assistance programs to achieve dynamic, lasting growth. Ten of the 15 largest importers of American goods and services, including countries such as South Korea, Taiwan, and Singapore, graduated from U.S. foreign aid programs according to the United States International Trade Commission.[1]

The working group was comprised of a highly bipartisan group of policy experts with long experience in Republican and Democratic administrations, Congress, nongovernmental organizations, philanthropy, and the private sector. The working group's co-chairs, Connie Veillette of the Center for Global Development and John Norris of the Center for American Progress, authored the final report based on the outcomes of the working group's deliberations. All opinions in this report are those of the co-authors and should not be seen as reflecting the endorsements of the working group members in whole or part. The recommendations were developed through consultative meetings, one-on-one interviews, literature reviews, and working group deliberations.

The working group reviewed the entire international affairs budget, which encompasses the operations of the State Department, the U.S. Agency for International Development and the assistance programs they manage, food aid programs, and the programs of many smaller and specialized U.S. agencies. Approximately two-thirds of the 150 account is made up of economic and security assistance provided by both the State Department and USAID. (This report does not cover aid appropriated by the Department of Defense, though the Defense Department delivers some State Department security assistance.) Since this is the largest share of the international affairs budget, the core of our recommendations center on how to improve this assistance.

Given the rapid timeframe of this exercise we focused on areas offering the greatest promise for reform. This report is not a comprehensive review of every single activity carried out through the 150 account. We hope to further articulate and explore some of the key issues in this report going forward.

Further, U.S. contributions to multilateral institutions, such as the World Bank and the United Nations, represent a vital means for the United States to engage the world. They also make an impact on sectors or countries where our bilateral presence is less influential and represent an important complement to bilateral assistance programs. We welcome a closer examination of these multilateral contributions, and a number of other donors and organizations have also begun examining where their multilateral dollars can best be directed to make the greatest impact.[2]

Our work identified four ideas that would fundamentally transform how we conduct diplomacy and development. None of these ideas is without controversy, and all would require significant change to be instituted.

Behind all of our ideas is the belief that America's approach to diplomacy and development requires significant modernization. Our engagement and dollars should be focused where they are going to make a lasting difference, and we have often been too slow to recognize and admit where engagement and investments have little return. But we also argue strongly for increased, not decreased, investments in training our international affairs personnel and feel that universal diplomatic representation very much remains in the national interest. Working group members agreed that America's investments in diplomacy, development, and international trade are extremely valuable and any cuts should not undermine our strategic priorities or values. We identify budget areas that should be protected.

Here are four ideas that have the greatest potential for effectiveness and transforming how this country engages the world.

Make economic and security assistance more selective

In 2012 the United States is delivering bilateral assistance through the international affairs account to 146 nations with 103 of these receiving economic assistance and 134 receiving security assistance.[3] These efforts are far too diffuse, undisciplined, and unfocused, and we could achieve much more by concentrating economic and security assistance where they will be most effective and curtailing resources where they will not. This idea may sound simplistic, but it would be revolutionary in contrast to how aid is currently disbursed.

Our country-by-country analysis of economic and security assistance included in this report was subjective but highly data-informed, taking into consideration a country's commitment to reform, its capacity to achieve lasting development and stability, its need, and its strategic importance to the United States. In a limited number of cases we argue for priority investments based on immediate conflict prevention efforts or to ensure that a country that enjoyed significant postconflict investment does not slide backward. We made the data we used for each country readily available as part of this report to encourage further debate on these issues. (see "Country Profiles" section)

Bilateral economic assistance

We argue for a major shift away from 103 recipient countries to sustaining or increasing investment in 53 core countries over a five-year period. This includes increasing investment in 32 high-priority countries and holding funding levels flat in 21 countries where there is a continued imperative for engagement but more limited expectations. Eighteen countries would graduate from U.S. bilateral economic assistance within a five-year period; 11 countries would see their programs eliminated because they are small, expensive to operate, or peripheral-interest country programs; and 21 poor-performing countries would see economic assistance largely limited to support for democratic and civil-society groups, humanitarian relief, and PEPFAR funding. Eleven USAID missions could be closed or consolidated as part of this realignment.

Bilateral security assistance

We argue that aid should be focused on 72 core countries rather than 134 recipients, with increased investment in 45 high-priority countries and flat funding levels in 27 countries where there is a continued imperative for engagement but more limited expectations. Assistance would be curtailed in 62 countries, including 30 that should be able to graduate from U.S. security assistance within the next five years, 15 where security assistance is relatively small or peripheral to our national interest, and 17 we deem to be poor performers.

Transition PEPFAR to country ownership

The President's Emergency Plan for AIDS Relief, or PEPFAR, continues to be a very large portion of U.S. international affairs spending. Started by President George W. Bush in 2003 to help provide prevention, treatment, and care services to countries suffering high HIV/AIDS burdens around the world, the initiative represents the largest health commitment ever by one country to combat a single disease internationally.

The Obama administration established PEPFAR Partnership Frameworks—five-year joint strategic frameworks for cooperation between the U.S. government, the partner government, and other partners to combat HIV/AIDS in the host country. These partnership frameworks acknowledge that PEPFAR recipient

countries need to share much more of the burden moving forward. This created some controversy, but sharing costs, particularly with upper-middle-income PEPFAR recipients (Botswana, Caribbean Regional, Central America Regional, Dominican Republic, Namibia, and South Africa) should be accelerated as part of a well-managed and transparent plan that will allow host countries and private philanthropy to work together with the United States to keep momentum going in the battle against HIV/AIDS.

This also recognizes that PEPFAR Partnership Frameworks can provide a model for how to foster country ownership and transfer financial responsibility to recipient countries while changing the program itself from an emergency humanitarian program to more of a long-term, sustainable, and integrated approach to health and development.

Overhaul U.S. food assistance

A web of outdated laws and regulations—cargo preference, limitations on local and regional purchase, and monetization—vastly increase the cost and reduce the effectiveness (and timeliness) of our food aid. Food must be purchased in the United States and shipped on U.S.-flagged vessels. Some of the food can then be sold on local markets to raise cash that NGOs use for development projects.

Numerous studies show the inherent inefficiencies of this process. Overhauling these restrictions could save taxpayers billions of dollars and make food aid programs more effective and efficient. Food aid is a classic example of an area where smart reforms would make programs work better and save a great deal of money.

Create an International Affairs Realignment Commission

Finally, the administration, in consultation with Congress, should appoint a commission to undertake a sorely needed overhaul of our foreign affairs agencies and operations based on the very successful model of the Defense Base Realignment and Closure Commission, or BRAC.

Rather than focus on physical installations, as BRAC did, an International Affairs Realignment Commission would have the writ to not only look at the physical presence of U.S. embassies, consulates, and USAID missions around the globe

but more importantly recommend regulations that could be eliminated, programs and projects that are no longer necessary, or even institutional consolidation or streamlining. In essence, the commission would help shepherd a long-overdue rewrite of the Foreign Assistance Act of 1961, the antiquated legislation guiding the authorities, use, and allocation of U.S. foreign assistance.

The president would appoint commissioners in consultation with Congress, and the commissioners would base their recommendations on the broad strategic guidance established in the Quadrennial Diplomacy and Development Review and through subsequent consultations. The president could accept or reject the commission's recommendations in their entirety. If rejected, the commission would have a set period to amend and resubmit. The commission's final report would have the force of law if Congress did not reject it.

Trends shaping America's approach to the world

In looking at how best to reshape America's international engagement, it is useful to underscore trends that will affect how we conduct foreign affairs in the years to come. These trends will shape the resources we will have available for foreign affairs while guiding the areas where the United States should focus its diplomatic and development efforts.

Four in particular stand out.

Funding

This report is driven by an understanding that federal spending on international affairs will be under considerable pressure for a number of years and that there continues to be an unusually high degree of uncertainty in foreign affairs agencies' budgets. The international affairs baseline budget fell by more than 14 percent between 2010 and 2012, though this decline is even lower when funds from the Overseas Contingency Operations account for Afghanistan, Pakistan, and Iran are included.

While the president's 2013 budget shows a slight increase from 2012 levels, foreign affairs spending will continue to be under a high degree of scrutiny going forward and will often be pitted against cuts in domestic programs. As noted earlier, the House-passed 2013 budget would decimate funding for the foreign affairs agencies. While it is not supported by either the Senate or the administration, it is equally unlikely that any sitting Republican president would support such deep cuts to our foreign affairs architecture.

The Joint Select Committee on Deficit Reduction's inability to reach an agreement to reduce budget deficits over 10 years will require sequestration—or automatic cuts—of funds beginning in 2013 unless Congress and the administration can reach a deal before then. The Congressional Budget Office estimates that if sequestration goes into force, the resulting across-the-board reduction in discretionary

programs such as international affairs would be about 8 percent in 2013. Those cuts would cause significant disruptions in our international programs and would best be avoided by a sensible bipartisan 10-year agreement to reduce the deficit that included both cuts and revenues.[4]

Securing a deal to avoid sequestration will be highly challenging given the starkly different approaches of the House and Senate. Further, even if an agreement is reached, cuts in international affairs are very possible as part of such a deficit reduction package, even if not on the same scale as those contained within sequestration.

The reality is that after 10 years of relatively strong growth in international affairs spending following September 11, considerable belt-tightening is ahead and indeed has already begun.

We can take lessons from the decline in resources that also occurred in the 1990s as policymakers sought a peace dividend from the end of the Cold War. There was a high-profile debate about eliminating USAID as an agency and folding its surviving functions into the State Department. The effort to eliminate USAID was ultimately rebuffed, but from 1990 to 1997, aid funding fell by one-third.

In hindsight, funding decreases were not well managed, with cuts to USAID's operating expenses far outpacing program decreases. As a result of these funding cuts, both in operating expenses and to the foreign affairs accounts generally, staffing and expertise, especially at USAID, declined precipitously. USAID began to look more like a contracting agency than a hub of expertise on development. Domestic government agencies filled in some gaps, but this also served to further fragment America's approach to development as more and more federal actors played a role in promoting development without a coherent overarching framework and strategy for their efforts. The State Department also took on a greater role in development decisions.

As aid programs began to increase in the 2000s—foreign assistance increased some 38 percent between 2001 and 2007—USAID found itself short on staff and expertise, making it more reliant on using large contracts requiring less hands-on management and oversight. USAID's lack of resources meant that new programs—PEPFAR and the Millennium Challenge Account—would not be part of its portfolio, further muddying leadership on aid issues. The Department of Defense took on greater roles in civilian programs in many conflict and postconflict environments, though its personnel had almost zero training in designing and

implementing such programs, leading to repeated and expensive mistakes on the ground in places like Iraq and Afghanistan.

If the United States is to avoid compounding the problems of an already suboptimal aid architecture, a far more selective approach to aid makes eminent sense no matter what the budget battle outcome is.

Continued globalization

The fact that the world is increasingly interconnected and interdependent at almost every level is not news. Yet, and somewhat ironically, U.S. foreign affairs agencies are not always the quickest to come to terms with this. Two points are particularly important here.

First, the recent global financial crisis highlighted the need for strong and accountable government institutions when dealing with economic shocks that spread rapidly from one country to the next. But strengthening government institutions has never been a strong suit of the United States or most other donors for that matter. This remains something of a blind spot and too many U.S. assistance programs continue to focus on micro-level conditions while ignoring the broader conditions for development and stability.

The second part of globalization worth noting is that virtually every community across the United States now has an unprecedented web of links, ties, and concerns with other parts of the world. But our foreign affairs institutions are slow to embrace and harness the depth of these connections at a time when we desperately need an effective constituency supporting sensible international engagement.

The rise of private philanthropy

Official government economic assistance is a smaller and smaller portion of the overall development engagement the United States provides. U.S. private economic engagement with developing countries—a combination of U.S. private philanthropic giving and U.S. private capital flows—was $106.7 billion in 2009, $77.9 billion more than total U.S. official development assistance that year.[5] A new generation of philanthropists, such as Bill Gates and Warren Buffett, willing to put billions of dollars into development has fundamentally altered the landscape.

By and large this is an incredibly positive development, and it should allow the U.S. government to better focus on areas where its strengths are the greatest. That said, it also poses new challenges in coordination, strategy, and approach, and both private donors and government officials have much to learn from each other. In general, government assistance programs need to be shifted to better dovetail with the increasingly important role of private philanthropy and private capital.

We should avoid fighting the past war

The United States dramatically altered many of its diplomatic and development practices as a result of massive investments over the last decade in Iraq, Afghanistan, and Pakistan.[6] All are deeply troubled engagements and historical anomalies, and the United States is unlikely to be engaged in such massive state-building exercises on a regular basis. This is why it would be a mistake to overly focus our diplomacy and development on preparing for the last war—not the next one. The International Affairs account needs to be reoriented with an eye toward the future, with more of an emphasis on crisis prevention than state rebuilding.

Key budget areas deserving protection

It is vital that we not only identify areas where we can achieve reform and savings but also define core interests that deserve absolute protection—and perhaps even greater funding—in the budget.

This paper reflects the views of its two authors, but the working group endorsed many core areas. All members agreed that robust diplomatic and development capacity are in the national interest and represent tools that the next president, whatever his party, will find indispensable. All working group members felt strongly that even as specific cuts are identified, it is essential to maintain or strengthen a number of priority areas even during a period of budget stress.

Key areas deserving protection are discussed below.

Universal diplomatic presence

The United States has long tried to maintain diplomatic presence in every country around the globe. The few exceptions to this rule are the most conflict-torn or despot-ridden states where the United States is forced to manage its diplomatic relations from afar for a relatively short period of time. But maintaining embassies, even when they are small offices, entails considerable expense both in keeping up and securing the physical embassy or consulate and in related staffing costs and benefits.

It would be easy to hand-pick a list of countries where it is less than compelling for the United States to maintain an embassy. Yet the working group agreed that the United States benefits tremendously from universal representation, which underscores our willingness and ability to engage with friends, allies, and even foes around the world. Ending universal representation would make it far harder to advance America's interests at a time when the interconnection of states is deeper than ever. In addition, universal representation is also crucial in looking out for Americans' interests and safety as they work and travel in every corner of the world.

Supporting development, democracy, and stability

The strategy behind economic and security assistance programs is compelling: The greater the number of stable, free-market democracies around the world, the more secure, prosperous, and dynamic our nation becomes. Directly promoting sustainable economic development, democratic values, professional civilian-controlled militaries, and well-functioning civil societies is therefore vital for the United States even when foreign affairs spending will be cut.

There is a robust debate about which assistance programs best achieve these goals. But there is broad recognition that lasting development only works when the recipient country is genuinely committed to change and growth. The United States needs to keep supporting such long-term development efforts, but it needs to do a far better job focusing such assistance in those states where it will help spur lasting change, as is argued elsewhere in this report.

Operating expenses

It is impossible to carry out effective diplomatic and development programs without commensurate operating expenses. That may sound self-evident, but in previous bouts of budget cutting, Congress showed a tendency to protect funds for programs while slashing funds for people who design, oversee, and implement such programs. Figure 1 makes clear there is a sharp disconnect between operating expenses and program funds at USAID.

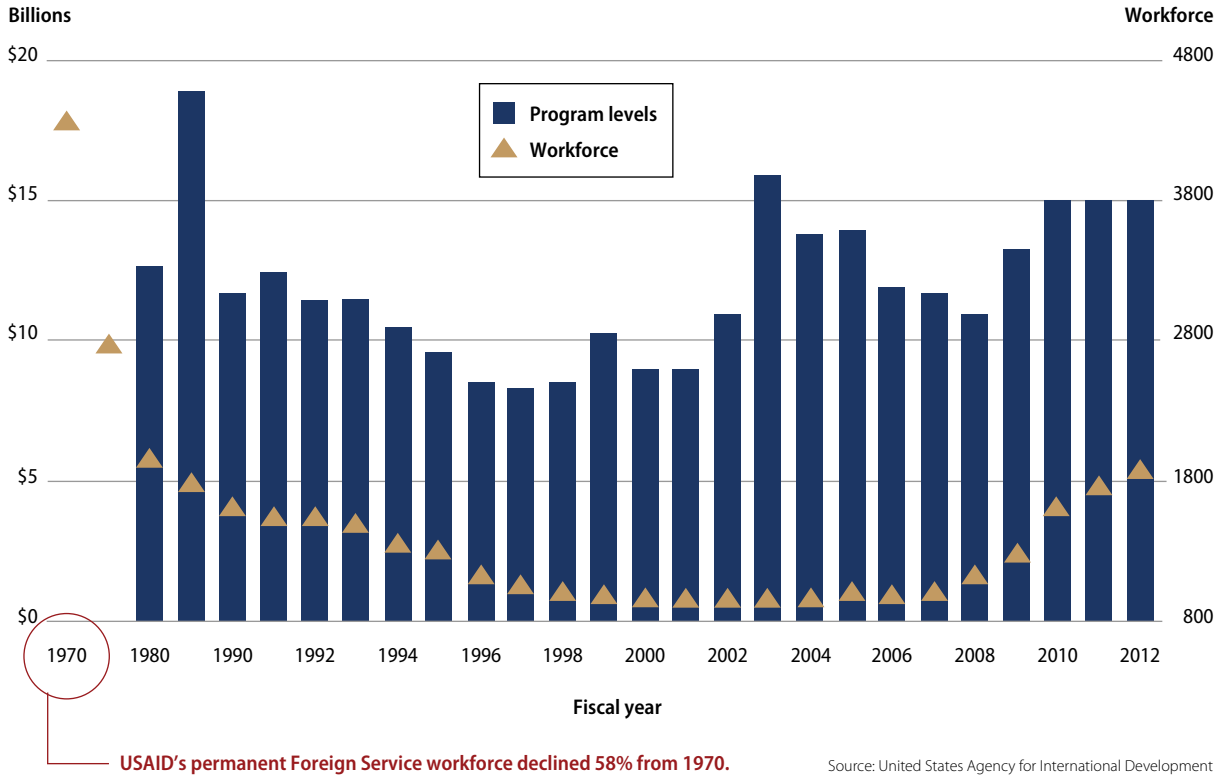
The result of keeping operating expenses tightly constrained—even when program expenses are expanding—is to leave USAID as little more than a contracting agency with less and less expertise and knowledge about how development programs should be designed and where they could best be conducted to advance the national interest.

The compulsion to cut operating expenses while protecting program funds is understandable. It is easier for policymakers to cut budgets for staff than to cut programs that combat malaria, promote economic growth, or deliver humanitarian assistance. But the last decade clearly taught us that development works best when it is conducted with good partners committed to reform and their own people. Funding programs without the expertise to manage them is a recipe for wasted money, a lack of accountability, and programs increasingly divorced from

FIGURE 1

Cutting the workforce but not the programs

USAID foreign service permanent workforce and USAID managed program dollars, 1970-2012 (inflation adjusted 2008 dollars)



Source: United States Agency for International Development

practical reality. This report spells out areas where a more selective approach to investments could also achieve considerable operating expense savings.

Crisis prevention

Recent institutional reviews such as the Quadrennial Diplomacy and Development Review focused on improving the United States' capacity to prevent crises before they erupt. But foreign affairs agencies need to do more.

Getting the agencies more adroit at crisis prevention will require significant investments in continued and new training for personnel and a reshaping of the institutional ethos at the foreign affairs agencies, which are risk averse. Preventing crises

requires sensible funding, strong field-driven analysis, a willingness to intervene at key moments, and a broad understanding of the institutional levers, pressures, and incentives that can be brought to bear on a potential crisis situation.

It is welcome that crisis prevention is a key goal for our foreign policy establishment on a rhetorical level. Translating that rhetoric into reality, however, will require dynamic leadership and sustained investments at a time when even traditional program areas are coming under the knife.

We now move to our recommendations for reform.

Reform 1: Make bilateral economic and security assistance more selective

Presidential candidates throughout U.S. history have often been quick to criticize U.S. economic and security assistance abroad. Yet every single president since World War II, once in office, defended assistance programs for one simple reason: They are an essential tool of U.S. foreign policy. Equally, no president advocated reducing the U.S. diplomatic presence. As long as the United States remains a global leader, its president will rely on diplomacy and development to help promote a world in which U.S. interests and ideals can thrive.

Whoever occupies the Oval Office in 2013 will have to employ both diplomatic and development tools for the United States to maintain its global leadership. But both tools need sharpening regardless of budget dynamics.

This approach for reforming economic and security assistance is based on several principles:

- **Our assistance programs should be structured to reward and strengthen countries that are reform-minded, good allies, open to business, and willing to make hard choices to advance their own people.** We should look at all of our economic and security assistance programs as investments in creating the next generation of donors and trade partners.

- **Working in fewer countries will allow us to increase investments in those making promising reforms so that our aid makes a difference and helps cement lasting change.** And our considerable investment in multilateral institutions lessens the need for our bilateral assistance programs to be active in such a large number of countries.[7]

- **Aid programs that are inefficient, ineffective, outdated, or better carried out by other partners should be ended.** Poorly performing countries—those unwilling to implement economic growth reforms or that reject principles of good governance and human rights—are not good investments for economic assistance and should only receive security assistance when there is a compelling reason.

- **Assistance programs should focus on sectors in which the U.S. has a comparative advantage over other donors.** It is important to recognize what the U.S. does well, is more capable of doing than others, and should continue doing. We believe these areas of comparative advantage are humanitarian assistance, global health, and food security. Cost savings that we identify in this report could equally be used to focus on these areas, or to contribute to reducing budget deficits.

- **The United States can only maintain its leadership position and stabilize its budget by more effectively and selectively using diplomacy and development.** It cannot, nor should it, rely primarily on the Defense Department to project U.S. influence and power.

While we believe in a universal diplomatic presence, we do not endorse universal economic and security assistance. U.S. foreign assistance programs are too disbursed across countries and sectors to be truly effective. Aid allocations are often made in ways that result in doing a little bit here and there in an effort to curry small measures of diplomatic favor. Sector choices are often allocated not by what we do well, but as an effort to placate key actors in Congress and the aid community.

As of fiscal year 2012 the United States provides economic assistance to 146 countries, with 103 of these receiving economic assistance and 134 receiving security assistance. This means every country on earth has roughly a 75 percent chance of receiving U.S. economic or security assistance, which only underscores the undisciplined nature of the aid portfolio.

Of total economic assistance allocated in fiscal year 2012, one country, Afghanistan, consumes roughly 15 percent of U.S. economic assistance. The top 10 recipients represent about 50 percent of total bilateral aid. The remaining 50 percent is allocated among 93 countries, some receiving as little as $492,000.

Selective economic assistance

Principles to guide more focused and selective U.S. economic assistance

Squaring two compelling needs—achieving cost savings and maintaining effective U.S. global engagement—may seem at odds, but as long as we concentrate our resources where they are likely to be most effective and reduce them where they are not, we can achieve both.

The President's Policy Directive on Global Development, which studied the role of U.S. economic assistance, called for greater focus and selectivity in delivering economic assistance, which we define here as the following 150 bilateral accounts: Development Assistance; Global Health Programs; Economic Support Fund; Assistance for Europe, Eurasia, and Central Asia; and the nonemergency portions of the Food for Peace account. The administration advocates a more selective approach for these programs, but progress—as reflected in the 2012 and 2013 budgets—is limited. Aid programs were eliminated in only five countries in 2012, but none are zeroed out in 2013.

Congress as policy activist or micro-manager?

Congress and the White House often differ on foreign policy and spending priorities, and these differences are regularly reflected in the annual appropriations bill for the State Department, Foreign Operations, and Related Agencies. As Congress increasingly has been unable to pass foreign policy authorizing legislation, it has come to rely almost exclusively on its critical role in the appropriations process to assert congressional preferences and to influence policy.

A casual review of any recent State-Foreign Operations bill shows that the bills now include more policy directives than spending. A 2011 study calculated that Congress included specific country and sector directives for 66.5 percent of total bilateral economic assistance in the 2010 bill. Just 3 percent of the Economic Support Fund was left to the discretion of the secretary of state.

When Congress includes directives at the country and sector level, it makes it more difficult for any administration to respond flexibly and to adjust its approach to changes in conditions on the ground. The Arab Spring is only one recent example where increased flexibility could have improved the U.S. response. USAID missions are often forced to engage in extended contortions to make their country programs match up with congressional directives dictated from thousands of miles away. And sector earmarks—whether for programs in water, agriculture, microfinance, or other issues—run counter to the concept of designing development approaches in shared partnership with the host country and holding the host country accountable for results.

Congress moved in 2011 to reduce the number of earmarks and change requirements to recommendations, using "soft" earmarks rather than "hard" ones. Soft earmarks are statements of preferred policy and approaches rather than directives. Yet some appropriators quickly expressed frustration that the administration did not treat all of their requests as directives.

In short, Congress still needs to move further away from micro-managing the foreign assistance accounts. At the same time, administrations need to do a better job of communicating with the Hill and engaging Congress in a genuine dialogue on policy approaches.

Managing international programs in the face of anticipated deep budget cuts can be approached in two ways: a reduction in all programs and country allocations or a major reorientation of approach and focus. The former would spread the pain evenly but most certainly dilute effectiveness. Good programs and priority countries would face the same cuts as bad programs and partners of lesser importance. And such an approach certainly would not accomplish high-impact development while perpetuating a major weakness of the U.S. approach: trying to do too much in too many places with limited effect.

The alternative—a major reorientation—is politically challenging. But making our aid programs more selective and focused would make them far more effective and better-positioned to achieve the changes that best serve our national interests. We should concentrate on effectiveness while maintaining the U.S. commitment to be a world leader.

It should be noted that achieving greater selectivity where aid is provided and greater focus on programmatic comparative advantage will be impossible if Congress continues to heavily earmark funds at the country and sector level. Earmarks, with their associated requirements to notify Congress in order to reprogram funds, greatly reduce flexibility and responsiveness and ultimately undermine aid effectiveness.

The following are recommendations to better guide budgeting around selectivity and focus.

Be clear on why aid is provided and when it will end

Incorporate benchmarks into development strategies. The United States does not have exit strategies for its economic and security assistance programs. It is indeed difficult to end aid allocations to longtime recipients even when countries are clearly ready to transition off aid. Perversely, many in government feel that ending assistance sends a negative message about the bilateral relationship rather than signaling the enormous progress made on the ground.

Having a plan with clear benchmarks and goals would allow both Washington and assistance recipients to focus on what needs to be accomplished rather than simply judging the U.S. commitment by aid funding levels. When the country meets its goals, the withdrawal of aid demonstrates that the aid was successful

and U.S. engagement should evolve into other areas like trade and commerce. The benchmarks should be clearly identifiable and measurable, and comport with the principle of country ownership, developed jointly with the recipient country.

Delineate development and diplomacy. Development and diplomacy are powerful tools of U.S. global engagement. They should be complementary but distinct. As they have become conflated, it is more difficult to end programs that are underperforming or are no longer necessary.

The Quadrennial Diplomacy and Development Review's use of the term "development diplomacy" is a case in point. This turn of phrase—which conveys the view that development is a tool of diplomacy rather than a tool of U.S. foreign policy—makes it much harder to be selective about where we direct both economic and security assistance. Almost every diplomat wants to maintain an aid program in the country where they are posted, feeling that it will buy good will. But we need a far more strategic approach where leadership in Washington, in consultation with State and USAID officers in the field, directs aid to those select locales where it will really make a difference.

USAID shows a greater, albeit still limited, willingness to end aid programs and close missions than State. American diplomats need to be sufficiently talented that they can represent our national interests in a foreign capital—even if that country no longer seems like a wise place to put increasingly scarce aid dollars.

At the same time, diplomacy can be used to advance development, especially when development hinges on changes in government policies—which is often the case. These are opportunities to amplify forms of U.S. engagement and should become hallmarks of the relationship between development and diplomacy.

Create a State Department strategic fund. In some countries assistance for purely diplomatic reasons is justified, such as in a country that is a poor development partner but plays a key role in combating terrorism. In these cases the State Department should have a separate aid account. The current Economic Support Fund, or ESF, is co-managed by State and USAID and, while its funds can support development activities, its primary purpose is not development. ESF was created to support strategically important countries that might not otherwise qualify for aid. This distinction has been lost as ESF has become a general pot of funds given regardless of whether a country receives other economic assistance. Over time many countries have received both ESF and development assistance.

The ESF fund should be eliminated and replaced with a State Department account for strategic countries. Current ESF funds used for development activities should be transferred to the Development Assistance account with the remaining funds constituting the new State fund.[8] The new fund should be allocated by country to cover increased amounts for the current Ambassador Funds, with ambassadors making the key recommendations on how best to use those funds to accomplish U.S. objectives.[9]

Focus on U.S. comparative advantage: Health, food security, and humanitarian assistance

Almost every observer of U.S. aid programs believes they lack focus, and there is nary an activity in which the United States does not have a program. This is why the administration and Congress must jointly provide leadership focusing bilateral programs where there is a comparative advantage. Cost savings identified in this report could be used to further strengthen U.S. programs.

The Millennium Challenge Corporation

The Millennium Challenge Corporation is a leader in partnering with countries around the principle of country ownership. It has also taken on work in key sectors, such as infrastructure, that other U.S. agencies have largely abandoned. Initially designed to work with countries poised to make significant gains in economic growth, it has selected a range of aid partners along the income spectrum with some compact countries decades away from aid graduation.

The MCC model is a good complement to a redesigned U.S. aid system and should continue. But it should rethink its compact partners and focus on helping countries graduate completely from U.S. economic assistance.

Further, if the president's 2013 budget request is approved, MCC funding will have remained at $898 million for three straight years—quite a distance from the $5 billion President George W. Bush promised. At this level the MCC will need to be even more selective about compact partners.

We identify health, food security, and humanitarian assistance as areas in which the United States has considerable resources, experience, and expertise. They should form the foundation of sector programs. Further, U.S. aid programs should work in no more than three sectors in each country to more effectively focus resources. We do not believe this approach devalues the principle of country ownership but instead puts U.S. resources where they will have the greatest impact.

Health is a global public good from which all nations benefit, and the United States is a longstanding leader in health including disease research, technology, pharmaceuticals, and general medical sciences. It has increased health aid in the international affairs budget nearly six-fold, from $1.38 billion in 2001 to $7.85 billion in 2011. In some recipient countries it dwarfs the assistance other donors provide. The Global Health Initiative, an Obama effort to integrate PEPFAR and other health programs under a more holistic umbrella,

has enjoyed bipartisan support. In addition, U.S. private philanthropy is deeply involved in the health sector and both U.S. public- and private-sector involvement is sensible, and allows for greater cumulative impact in the long run.

Promoting global food security is also a U.S. priority consistent with its historical leadership in this field. A growing global population projected to reach around 9 billion in 2050,[10] changing diets that require increased agricultural inputs, volatility in fuel prices, and the uncertainty of climate change all contribute to the need to increase production, stabilize prices, and do so in a sustainable fashion. The United States enjoys an elaborate network of agricultural universities, research institutions, and private-sector entities that bring a wide range of expertise to bear on hunger and promoting lasting economic growth through food security.

Equally, the United States excels in responding to humanitarian disasters whether natural or manmade. Humanitarian assistance should remain at the forefront of aid efforts given the U.S. military's reach and capacity, the generosity of the American people, and the potential for building goodwill. The United States is generous in providing such assistance and is also exceptionally good at it—in no small part because emergency assistance programs are largely spared the thicket of bureaucratic regulations that often bog down development programs. The American public deeply supports such humanitarian programs, and they reflect our faith and belief that we can assist the least fortunate in their moment of need.

What about other sectors?

Suggesting that our greatest comparative advantage for bilateral assistance is in health, food security, and humanitarian assistance needs to be taken in context. We are saying that these three areas should be the greatest focus for bilateral economic assistance funding. The environment, education, microenterprise, democracy activities, or a host of other activities are not unimportant.

We remain committed and influential in these sectors through our bilateral aid and also by contributions to multilateral agencies such as the Global Environmental Facility and the Global Partnership for Education. And as the United States consolidates its foreign assistance portfolio, it should consider channeling more funds through multilateral organizations to maintain these commitments and to do so more effectively.[11]

Bottom line: We are urging fewer activities in fewer countries, with much sharper lines drawn between what we are trying to achieve through bilateral assistance, multilateral institutions, and work that could be better supported by other donors or institutions.

And while we see health, food security, and humanitarian relief as our greatest comparative advantages, this does not mean that none of these areas should be improved, as is discussed later with regard to food aid programs and PEPFAR.

Economic growth has been and should remain a U.S. priority. If the ranks of the impoverished are to be significantly reduced, it will come through growth. But economic growth continues to be an elusive goal for many countries with

disagreements among donors and partner countries on the assortment of interventions that will enable it.

We are not challenging the goal of economic growth in identifying health, food security, and humanitarian assistance as areas of U.S. comparative advantage. Rather we find these three areas are fields where the United States has the resources, experience, and expertise to contribute to economic growth.

The factors we weighed

In our country-by-country analysis of where we should direct economic and security assistance, we weighed a series of data and factors on the recipient country's political climate, business environment, need, willingness to tackle corruption, and amount of aid and investment received from other sources.

We considered the following indicators against a country's current assistance level: gross national income per capita 2010; Freedom in the World freedom status 2011; Human Development Index 2011 rank; Transparency International Corruption Perceptions Index 2011; Doing Business Index 2012; population living on less than $2 per day; Worldwide Governance Indicators Rule of Law percentile rank 2010; WGI Government Effectiveness percentile rank 2010; net official development assistance per capita; net foreign direct investment; and military expenditure as a percent of GDP.[15]

In addition, we included a broad range of more subjective considerations, including short- and long-term strategic interests, political support, and the traditional strength of the bilateral relationship.

No one indicator, piece of data, or piece of political intelligence is sufficient for a wide-angle view, but these indicators provide enough insight on need and capacity to make informed decisions through a process that is data-informed without being mechanistic. The outcome is a categorization of countries that sheds light on where aid should be focused because it has a greater probability for success and impact, where aid is likely necessary but may yield limited results, and where aid is probably not a wise investment.

Use data to make decisions about aid

The link between aid allocation and a recipient country's need and capacity is often weak because political dynamics and budget process inertia influence aid decisions. Like an old ship with too many barnacles, aid budgets are not thoroughly scrubbed from year to year or even decade to decade. New programs are started even as outdated ones linger on past their purpose. Country allocations are adjusted up or down based on last year's level. Unless a major event is occurring, such as the Arab Spring, adjustments are often largely perfunctory.

Clearly the list of countries receiving U.S. economic assistance needs a much more effective scrub than it has been given to date, and that review needs to be data-informed while still recognizing political and security imperatives.

Recent administration attempts to be more selective are uneven. The 2012 budget eliminated development assistance to five countries and closed three missions. The 2013 request reduces funding to a number of countries, mostly in PEPFAR bilateral funds, but there is little evidence that those cuts reflect a systematic assessment of country need or capacity.[12] And no USAID mission closures were proposed as part of the 2013 budget request.

In general, funding was reduced, sometimes dramatically, in a number of countries to allow for the creation of a fund to meet the needs of the Arab Spring and to allow for debt reduction for Sudan. But these cuts were often across the board and not focused.

Many international donors are also reexamining their programs during this period of budget austerity and greater concern for effective aid. Several donors scaled back aid recipients and sectors. Still others decided to pull out of or greatly reduce their presence in middle-income countries.[13]

Doing so presents a moral dilemma. While these countries may be growing, some still have sizeable impoverished populations.[14] Instead of rewarding them for implementing good policies and making their own commitment to development, some donors are cutting off assistance that could be counterproductive. At the same time it is myopic to continue aid without recognizing these countries' growing ability to take on more responsibility for their own development. Rather, a country's income should guide the type and focus of aid, putting some on a steeper path to transition from aid and a reoriented relationship outside of an aid framework.

What follows is our selection of countries into two broad categories: continued or expanded assistance, and curtailed assistance. There is room for healthy debate on our selections, and they were often debated at length as we put the report together. We offer this as an illustrative approach in the hope that it leads to a more informed discussion of resource allocation and a sharper debate about where our aid dollars work.

Continued or expanded economic assistance

Selectivity and focus, as called for in the President's Policy Directive on Global Development, means scaling back the number of recipients and refocusing resources for greater impact. As a result, even as aid to some countries is reduced or phased out, there may be good reasons to expand aid elsewhere in a more focused manner. A number of countries in the continued or expanded assistance category could graduate from U.S. assistance within 5 to 10 years.

Within this category we identify priority investment countries and those for which we have limited expectations.

Priority investment countries are the highest priority for economic assistance because they exhibit both need and a capacity and commitment to development. Some are also included because of their strategic importance to the United States, but they still demonstrate a reasonable capacity to benefit from assistance.

In some cases we argue for investments based on immediate conflict prevention efforts or to ensure a country that enjoyed significant previous postconflict investments does not slide backward.

The 32 priority investment countries by region include:

	Priority investment countries
Africa	Benin; Burkina Faso; Cote d'Ivoire; Ghana; Kenya; Lesotho; Liberia; Mali*; Mozambique; Senegal; Sierra Leone; South Sudan; Tanzania; Zambia
East Asia and the Pacific	Burma; Indonesia; Mongolia; Philippines
Europe and Eurasia	Georgia; Macedonia; Moldova
Near East	Lebanon; Tunisia; West Bank and Gaza
South and Central Asia	Bangladesh; Kyrgyz Republic; Nepal
Western Hemisphere	Dominican Republic; El Salvador; Guatemala; Honduras; Peru

*We made this categorization prior to an attempted coup and military seizure of power in Mali. The lack of a democratically elected leader would affect our categorization of Mali and its associated funding levels.

Countries for which we have limited expectations will likely continue to receive significant assistance largely based on short-term imperatives including security and other geopolitical concerns but where there are red flags with the bilateral relationship or the behavior of the recipient country's government. This assistance will probably not drive development, given the poor supporting environment on the ground, and we do not recommend increased assistance to these countries until conditions change. Rather development assistance could be replaced by a new State Department strategic fund, as we suggested earlier.

More about our methodology

In this section we propose countries that should be given expanded assistance, those whose assistance should be kept level, and those whose assistance can be constrained. Importantly, these judgments are based on their current and requested levels of funding. So by saying that Benin is a priority investment country and that we have limited expectations for the Democratic Republic of the Congo, we are not saying that Benin is more important than the Democratic Republic of the Congo or should receive more funding than the Democratic Republic of the Congo. We are arguing that based on current funding trends, conditions on the ground, and the likelihood of assistance being effective, Benin's relatively small allocation could be larger while Nigeria's considerable funding deserves to be kept flat.

The 21 limited expectation countries by region include:

	Limited expectation countries
Africa	Burundi; Democratic Republic of Congo; Ethiopia; Guinea; Malawi; Niger; Rwanda; Uganda; Zimbabwe
East Asia and the Pacific	None
Europe and Eurasia	Kosovo; Ukraine
Near East	Egypt; Iraq; Jordan; Yemen
South and Central Asia	Kazakhstan
Western Hemisphere	Bolivia; Cuba; Ecuador; Haiti; Mexico

Curtailed assistance

Within this category we identify countries that can be put on a one- to five-year aid graduation trajectory, countries with small or expensive-to-operate programs, and poor performing countries.

The graduate in one to five years category includes countries that are well positioned to graduate from U.S. assistance in the near to medium term based on declining need and growing capacity. In some cases this would be a more expeditious cessation of aid while in others it would be more gradual. In either case the relationship should transition from one largely based on aid to that of trade and other areas of cooperation. For emerging donors this may mean exploring some trilateral cooperation activities.

The 18 countries we rank as graduating in one to five years by region include:

	Graduate in one to five years countries
Africa	Botswana; Namibia; Nigeria; South Africa
East Asia and the Pacific	China; Thailand
Europe and Eurasia	Albania; Armenia; Cyprus; Ireland (International Fund); Montenegro; Poland; Russia
Near East	None
South and Central Asia	India; Sri Lanka
Western Hemisphere	Barbados and Eastern Caribbean; Brazil; Colombia

In a number of countries, aid programs are too small to have much effect, conducted in nations where our interests are largely peripheral, or too expensive to operate given their size (see the next section on eliminating small and outdated programs and closing and consolidating missions for a discussion on mission closure). Some countries in this category should have their aid reduced while others should see it managed from a regional mission with a *de minimus* country presence. Inclusion in this category is not a commentary on a country's general willingness to reform but speaks more directly to making focused investments that will affect a large number of people.

The 11 countries in the small, expensive-to-operate, or peripheral-interest country programs by region include:

	Small, expensive-to-operate, or peripheral-interest country programs
Africa	None
East Asia and the Pacific	Laos; Marshall Islands; Micronesia; Papua New Guinea; Timor-Leste
Europe and Eurasia	Bosnia and Herzegovina; Serbia
Near East	Morocco
South and Central Asia	None
Western Hemisphere	Guyana; Jamaica; Paraguay

Poor performing countries do not strike us as good development partners, because of poor governance, corruption, or an absence of a commitment to development. In this period of limited resources, U.S. aid dollars could be better spent elsewhere. Generally humanitarian aid and assistance to democratic and civil society groups are more appropriate in these countries. PEPFAR funding should also be continued. In some cases, the private sector could take over economic aid until the government shows a greater willingness to partner with the United States in a development relationship. Other countries could benefit from State's strategic fund. Pakistan and Afghanistan, both special cases with high strategic interest but numerous governance issues, should see reductions until relations get on more solid footing.

The following are the 21 countries we rank as poor performing countries by region:

	Poor performing countries
Africa	Angola; Cameroon; Chad; Djibouti; Madagascar; Mauritania; Somalia; Sudan; Swaziland
East Asia and the Pacific	Cambodia; Vietnam
Europe and Eurasia	Azerbaijan; Belarus
Near East	None, with caveats
South and Central Asia	Afghanistan; Maldives; Pakistan; Tajikistan; Turkmenistan; Uzbekistan
Western Hemisphere	Nicaragua; Venezuela

Eliminate small and outdated programs and close and consolidate missions

End outdated programs. Some programs have outlived their purpose. An example: The Assistance to Europe, Eurasia, and Central Asia, or AEECA, account encompassed two earlier post-Cold War aid accounts for Eastern Europe and former Soviet republics. As of 2012 it includes funding of $627 million for 22 countries, many of which have attained middle-income status.

The president's 2013 request would eliminate AEECA, but it does not produce considerable savings. Instead AEECA's funding is reduced by just 18 percent and the remaining funds are transferred to other accounts such as the Economic Support Fund, the International Narcotics Control and Law Enforcement account, and the Nonproliferation, Anti-terrorism, Demining, and Related Programs account. As noted in the previous section, many AEECA countries could have their assistance ended in the near to medium term. Some countries of strategic interest can have programs funded through State's strategic fund.

Other small and outdated programs, including the International Fund for Ireland and Assistance to Schools and Hospitals Abroad, are largely conducted in countries that are very well off, and should be eliminated.

Close and consolidate missions. Eliminating small programs goes hand in hand with closing and consolidating missions. According to the FY 2013 request, 19 USAID missions had administrative costs exceeding 15 percent of the value of aid provided.[16] Countries with missions above this threshold warrant further scrutiny to ensure cost effectiveness. USAID program funding in these countries should either be increased in the case of priority countries or the mission

should be closed or consolidated in the case of graduate and peripheral interest countries. In some regions such as Eastern Europe and Latin America, aid dollars have declined but staffing levels appear to not have followed suit. A number of aid missions in these regions can be closed and if necessary consolidated into a regional office. In many cases it may be worthwhile to replace full aid missions with a development attaché or counselor.

Closing missions has immediate costs including ending leases and terminating the employment of Foreign Service nationals. These costs are temporary and extraordinary. As such they should be included in a separate account for this specific purpose.

Under our review the following 11 missions could be considered for closure over the next five years: Albania, Angola, Brazil, Djibouti, Jamaica, Morocco, Nicaragua, Paraguay, Serbia, Sri Lanka, and Timor-Leste.

Develop trilateral cooperation with emerging donors

Several middle-income aid recipients have started assistance programs of their own in south-to-south cooperation. Notable examples include India, South Africa, and to a lesser extent Brazil, all of whom receive U.S. economic assistance but are also donor nations themselves. As discussed elsewhere in this report, these countries are in a position to take over more of the programs the United States currently funds. At the same time it would be wise for the United States to stay engaged with them as emerging donors.

One way to do this is through trilateral cooperation, in which a donor country, an emerging donor, and a developing country work together. This offers many opportunities to improve effectiveness and reduce costs. It can be used to leverage funding from emerging donors, capitalize on existing partnerships, and take advantage of regional expertise. It can also help emerging donors develop aid approaches that conform to best practices and Paris/Accra/Busan principles, especially country ownership, transparency, and local capacity building.[17]

Economic assistance to India, South Africa, and Brazil through the development assistance account totals $156.1 million. PEPFAR funding, which all three receive, is discussed in another section of this report. As aid funding is reduced, missions in each could be scaled back accordingly, or closed and replaced with a development attaché, a USAID official attached to the U.S. embassy or embedded in the host country's aid agency.

Selective security assistance

U.S. security assistance, like economic aid, should be better focused around clear objectives and directed toward countries where it can make a lasting difference. For the purposes of this report, we define security assistance as Foreign Military Financing; International Military Education and Training; Nonproliferation, Antiterrorism, Demining, and Related Programs; International Narcotics Control and Law Enforcement; Peacekeeping Operations; and Pakistan Counterinsurgency Capability Fund accounts as provided in the State and Foreign Operations appropriations bill. The State Department oversees this assistance, though the Defense Department carries out the actual provision of some of this aid and training. This report does not include military assistance budgeted purely through the Pentagon because it is not a component of the 150 account.

The United States provides security assistance for a variety of purposes and in different political environments: training security forces, financing military equipment, working with law enforcement on the illegal narcotics trade, and cooperating on nonproliferation issues. In a large number of cases, aid is provided to improve military-to-military contacts.

Yet too often we provide security assistance without a sensible discussion of its merits. This occurs for two reasons.

First, the State Department, though formally in charge of overseeing this portfolio, does not invest in the human capital and training to ensure it has the expertise to do this job properly. As a result, State Department approval and authorization of security assistance through these accounts is often pro forma. This, combined with a general congressional tendency to ignore scrutiny of anything broadly defined as defense, means that our security assistance programs and their respective goals, accomplishments, and shortcomings receive very little oversight.

Second, foreign militaries and the security assistance to those militaries are not examined with the country's governance in mind. Far too often governance is treated as an afterthought in providing security aid. Also, hard questions about whether such assistance will really help improve governance are too often not considered except perfunctorily.

Yes, having military-to-military contacts that are enhanced by U.S. military training is often useful and can build important relations and some measures

of lasting trust. But it is equally true that the U.S. taxpayer should not be underwriting security assistance to a country whose leadership is openly despotic or to nations of little or no strategic significance. Security assistance will be money poorly spent if a recipient country is wildly corrupt, undemocratic, or unwilling to embrace even the most basic reforms toward free markets and free government.

In short, security assistance should not escape scrutiny given the push for greater budget austerity. And, similar to economic assistance, we argue that security assistance is spread too thinly across too many countries. It would be far more effective if concentrated in high-performing countries and key strategic concerns while reduced in more peripheral nations that have proven themselves poor partners. Selectivity has not been the byword of the U.S. government approach to date: In 2012, 134 countries received security assistance through the 150 account.

We applied a similar selectivity process to security assistance as to economic aid, identifying where aid should be maintained or expanded and where it may be limited or outdated. Some countries represent greater security challenges and significance to U.S. national interests than others. And in times of budget austerity, it is important to focus on where assistance will have the greatest impact.

In many cases, but certainly not all, countries that are good partners on the development front are also places where we should be strengthening the host country's military capacity and professionalization. This also makes it more likely that countries will graduate completely from the need for security and economic aid over time.

The two sides of the aid ledger are often related. Development rarely works amid instability and conflict, and assistance that professionalizes security forces can contribute to better governance. Better governments, supported by economic assistance, are also far more likely to be dependable and stable security partners over time.

What follows is our selection of countries into two broad categories: continued or expanded assistance,

All over the map: International Military Education and Training

One hundred and twenty-six countries received International Military Education and Training, or IMET, in fiscal year 2012. The program seeks to professionalize foreign militaries and to strengthen military-to-military ties.

While the 2013 budget request shows a $3 million decline, only one nation—Guinea-Bissau—is zeroed out. What's more, wealthier nations such as Argentina, Bahrain, Brazil, Poland, Portugal, Saudi Arabia, and Turkey also receive IMET grants even though they are quite capable of covering the training costs of their military personnel.

Countries remain on the IMET list for a simple reason: It makes them eligible for reduced rates on education and training associated with the Foreign Military Sales and IMET programs. (The Foreign Military Sales program is the United States' government-to-government method for selling U.S. defense equipment, services, and training.) IMET's goal is to improve the professionalism of foreign militaries. It is not, nor should it be, to provide discount rates to countries that can easily afford these services. We recommend that IMET be provided to only those countries with the greatest need and that the link between IMET and the purchase of training at discounted rates be severed.

and curtailed assistance. As with economic assistance there is room for debate on our selections. We offer this illustrative approach in the hope that it leads to a more informed discussion of resource allocation.

Continued or expanded assistance

Within this category we identify priority investment countries and those for which we have limited expectations.

Priority investment countries should be given a higher priority for security assistance than their current budget allocations because of their strategic importance, their need for such aid, and their capacity to achieve lasting stability. Decisions on security assistance need to be taken within a broader framework of effective governance and the probability that such assistance will contribute to stability and enhanced partnerships on security issues.

As noted with economic assistance, priority is determined in relation to current funding levels. So while Albania is ranked as a priority country and Egypt a limited expectations country, this is not to say Albania is more important than Egypt—simply that funding for Albania deserves a slight increase while Egypt should probably remain flat.

The 45 priority investment countries by region include:

	Priority investment countries
Africa	Benin; Botswana; Burkina Faso; Ghana; Kenya; Liberia; Mali*; Nigeria; Senegal; South Africa; South Sudan; Tanzania; Uganda; Zambia
East Asia and the Pacific	Indonesia; Mongolia; Philippines; Thailand; Timor-Leste
Europe and Eurasia	Albania; Armenia; Bosnia and Herzegovina; Bulgaria; Georgia; Macedonia; Moldova; Russia; Turkey
Near East	Israel; Lebanon; Libya; Morocco; Tunisia; West Bank and Gaza
South and Central Asia	Bangladesh; Kyrgyz Republic; Nepal
Western Hemisphere	Colombia; Dominican Republic; El Salvador; Guatemala; Honduras; Mexico; Panama; Peru

*We made this categorization prior to an attempted coup and military seizure of power in Mali. The lack of a democratically elected leader would affect our categorization of Mali and its associated funding levels.

Countries for which we have limited expectations will likely continue to receive significant assistance largely based on short-term imperatives, including security and other geopolitical concerns. But there are a number of red flags with the performance of some of these governments.

The 27 limited expectation countries by region include:

	Limited expectation countries
Africa	Burundi; Democratic Republic of Congo; Djibouti; Ethiopia; Gabon; Guinea; Mauritania; Mozambique; Rwanda; Sierra Leone; Somalia
East Asia and the Pacific	Vietnam
Europe and Eurasia	Azerbaijan; Kosovo; Ukraine
Near East	Algeria; Egypt; Iraq; Jordan; Yemen
South and Central Asia	Kazakhstan; Tajikistan
Western Hemisphere	Bolivia; Ecuador; Haiti; Jamaica; Paraguay

Curtailed assistance

Within this category we identify countries that should be graduated from assistance in the near term, those peripheral to U.S. security interests, and poor performing countries.

Countries that should graduate in one to five years are those doing well enough to no longer rely on U.S. assistance. Inclusion in this category does not mean that other types of military-to-military or security cooperation should be neglected.

The 30 countries that could graduate in one to five years include by region:

	Graduate in one to five years countries
Africa	Mauritius; Namibia
East Asia and the Pacific	China; Malaysia; Singapore; Taiwan
Europe and Eurasia	Croatia; Czech Republic; Estonia; Greece; Hungary; Latvia; Lithuania; Malta; Montenegro; Poland; Portugal; Romania; Serbia; Slovakia; Slovenia
Near East	Oman
South and Central Asia	India
Western Hemisphere	Argentina; The Bahamas; Barbados and Eastern Caribbean; Brazil; Chile; Costa Rica; Uruguay

Countries peripheral to U.S. security interests often have small programs that call into question whether the level of funding will produce major results. Inclusion in this category is not a commentary on the country's general willingness to cooperate on security issues.

The 15 countries in the peripheral category by region include:

	Small, expensive to operate, or peripheral-interest country programs
Africa	Cape Verde; Central African Republic; Comoros; The Gambia; Lesotho; Malawi; Sao Tome and Principe; Seychelles; Togo
East Asia and the Pacific	Marshall Islands; Samoa
Europe and Eurasia	None
Near East	None
South and Central Asia	None
Western Hemisphere	Belize; Guyana; Suriname; Trinidad and Tobago

Poor performing countries show little regard for governance and human rights. In many cases security assistance is merited for strategic considerations, but policymakers should be aware of the perverse effect of reinforcing undemocratic entrenched elites. Inclusion on this list does not mean all security aid should be cut but that there is room to reduce or revamp for better results.

The 17 poor performing countries by region include:

	Poor performing countries
Africa	Angola; Cameroon; Chad; Guinea-Bissau; Republic of Congo; Sudan; Swaziland
East Asia and the Pacific	Cambodia; Laos
Europe and Eurasia	None
Near East	Bahrain
South and Central Asia	Afghanistan; Maldives; Pakistan; Sri Lanka; Turkmenistan; Uzbekistan
Western Hemisphere	Nicaragua

Reform 2: Transition PEPFAR to country ownership

The President's Emergency Plan for AIDS Relief, or PEPFAR, is the largest commitment by any nation in history to combat a single disease, and U.S. government spending still constitutes a majority of global donor funding to combat HIV/AIDS. Most PEPFAR funds are dedicated to treatment, testing, and building up local health systems.

PEPFAR is the elephant in the room when it comes to U.S. international assistance priorities because even though the fiscal year 2013 budget request for global health falls 3.8 percent below current levels, this remains the largest foreign aid account at $7.85 billion. The fiscal year 2013 request redirects some of the funding traditionally directed toward PEPFAR to the Global Fund to Fight AIDS, Tuberculosis and Malaria. The Global Fund, in contrast to PEPFAR, is a multilateral institution supported by a range of governments and private donors.

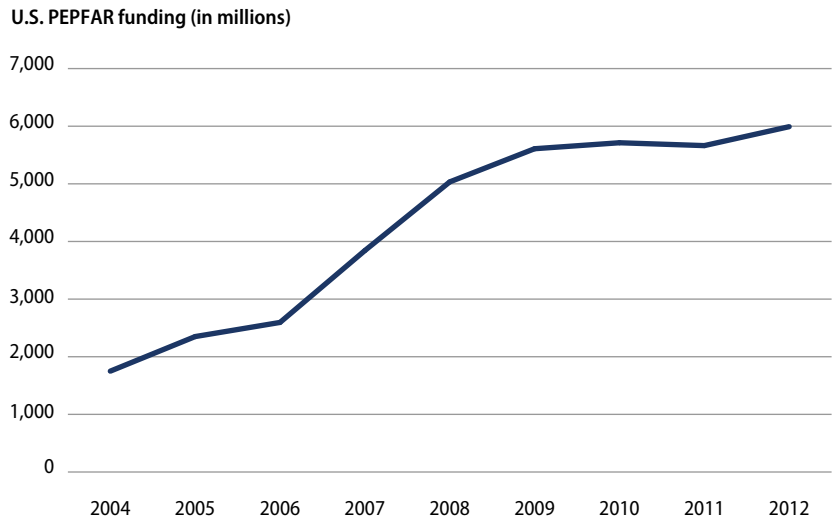
Between fiscal years 2004 and 2012, the United States spent more than $38.6 billion on bilateral HIV/AIDS programs, dwarfing commitments in many other areas including funds dedicated to economic growth, agriculture, and the environment.

But it is equally clear that the need remains vast. More than 30 million people continue to live with the virus, the majority in sub-Saharan

FIGURE 2

Funding the fight against AIDS

U.S. funding for bilateral global HIV/AIDS programs in constant dollars, FY2004-FY2012



Source: Authors' calculations.

Africa where health systems are poor.[18] PEPFAR has made an enormous difference, and the administration recently highlighted some important achievements:[19]

- The United States directly supported life-saving antiretroviral treatment for more than 3.2 million men, women, and children worldwide as of September 30, 2010, up from less than 2.5 million in 2009. The Obama administration has further pledged to put 6 million people on treatment globally by 2013.

- PEPFAR directly supported antiretroviral prophylaxis to prevent mother-to-child HIV transmission for more than 600,000 HIV-positive pregnant women in fiscal year 2010, resulting in more than 114,000 infants born HIV free.

- Through its partnerships with more than 30 countries, PEPFAR directly supported 11 million people with care, including nearly 3.8 million orphans and vulnerable children, in fiscal year 2010.

- PEPFAR directly supported HIV counseling and testing for nearly 33 million people in fiscal year 2010.

Debates about PEPFAR are often contentious and politically charged. Suggesting changes or alterations in the program is challenging because no one wants to appear less than fully committed to an effort that so clearly saves lives. Case in point: The administration's proposal, as embodied in the 2013 budget request, to increase resources to the Global Fund to Fight AIDS, Tuberculosis and Malaria while reducing direct funding to some PEPFAR countries received a mixed welcome.

At the same time, PEPFAR may be unintentionally skewing broader development by focusing on a single disease. U.S. assistance dominates the health sector in the countries that receive the most PEPFAR funding, and it has proven challenging to figure out how best to secure lasting and sustainable development in key PEPFAR recipient countries while simultaneously combating HIV/AIDS.[20]

The question for PEPFAR is how and at what speed the program can be converted from what is essentially an emergency humanitarian program—even though it was not always labeled as such—to a long-term and genuinely sustainable approach to health that fits within a broader development model.

It was with this in mind that President Barack Obama announced the Global Health Initiative in 2009 with an emphasis on taking a more comprehensive

approach to health issues writ large. Middle-income countries would seem the logical place to start for sharing the financial load, but the administration did not specifically emphasize that approach.

The 2008 reauthorization of PEPFAR also stressed the need to build more sustainable health outcomes and systems. This included plans to initiate Partnership Frameworks with PEPFAR partner countries to strengthen country capacity, ownership, and leadership of HIV/AIDS programs. These mutual nonbinding agreements outline the expected arc of U.S. government support and how host-country investments and policy changes can position governments to assume primary responsibility for HIV/AIDS in the future.[21]

Partnership Frameworks provide a five-year joint strategic outline for cooperation between the U.S. government, the partner government, and other partners on service delivery, policy reform, and coordinated financial commitments. Within this timeframe, host countries will be better situated to control the management, strategic direction, performance monitoring, decision making, coordination, and, where possible, financial support and service delivery of their own HIV/AIDS programs.

Frameworks are intended to be transparent, accountable, and open to participation from the civil society, the private sector, and international organizations that will help strengthen the capacity of governments to plan, oversee, manage, and ultimately finance national HIV/AIDS strategies.[22]

To date, PEPFAR's Partnership Framework discussions with South Africa are the most advanced and offer a model and lessons learned for how country ownership and financial responsibility could be expanded in middle-income countries. (U.S. government investments in South Africa represent the largest single bilateral health account in the world, with the United States spending more than $3.1 billion on health issues in South Africa since 2004.)[23]

In preparation for an inevitable drawdown in U.S. funding, both governments are in the midst of negotiations to design a complex blueprint for a multiyear handoff that will see the South African government assume more of the financial and managerial burden of HIV/AIDS programs.

It is also important to note that funding is not the only barometer of progress in addressing HIV/AIDS, and these partnerships can also look at how medical

advances, lower drug costs, public-private partnerships, less dependence on international organizations, and other efficiencies can bring down overall costs.

PEPFAR operations will be aligned with South Africa's national health system as the government gradually assumes the decision-making, planning, and financing responsibilities for its HIV/AIDS-related services. The forthcoming arrangement should see the United States drawdown the direct provision of treatment and move toward more technical assistance while the South African government works increasingly with a range of partners, including the U.S. government, through new service delivery arrangements.

Over the next several years, the United States is expected to scale down its PEPFAR assistance to South Africa from its FY 2011 level of $535.3 million.[24] Encouragingly, the Zuma administration openly committed itself to delivering better health outcomes and made strides in scaling up health interventions such as male medical circumcision, HIV testing and counseling, and prevention of mother-to-child transmissions.[25]

A recent Center for Strategic and International Studies , or CSIS, report suggests a drawdown to around $100 million to $200 million per year in U.S. support to South Africa at the conclusion of a multiyear transition to be feasible.[26] PEPFAR bilateral funding for South Africa already edged down slightly since the framework was outlined in fiscal year 2010.

The very useful CSIS study of the PEPFAR transition in South Africa noted that one of the key obstacles in the dialogue is the unwillingness or inability of U.S. negotiators to "lay down visible concrete milestones" in order to "align expectations, eliminate uncertainty, and minimize speculation and misunderstandings."[27] The authors argue that the sooner clear budget and policy targets are spelled out for the five-year transition period the better. Unfortunately most partnership frameworks signed in 2009-10 did not include any detailed budgetary information.

We agree with the CSIS study and would like to see a more rigorous budget approach for other middle-income PEPFAR Partnership Framework countries. Much of the difficulty in the current approach stems from limited information on PEPFAR's actual service delivery costs and the inability of the administration to make multiyear commitments under PEPFAR, thus inadvertently making burden sharing more difficult and uncertainty high.

The upcoming PEPFAR reauthorization could include clearer reporting on costs as well as multiyear transition funding that would benefit both the United States and PEPFAR recipients, and PEPFAR Partnership Frameworks could be converted to something closer to a binding cash-on-delivery approach for countries performing at a good standard of quality.[28]

To date, PEPFAR has developed Partnership Frameworks with at least 21 countries or regions. Of those, the World Bank classifies six as upper middle income: Botswana, Caribbean Regional, Central America Regional, Dominican Republic, Namibia, and South Africa. Eight Partnership Framework countries are classified as lower middle income: Angola, Ghana, Lesotho, Nigeria, Swaziland, Ukraine, Vietnam, and Zambia.

Beginning with the upper-middle-income countries, the administration should update all frameworks to include clear annual budget and policy targets to allow for an orderly drawdown and eventual elimination of PEPFAR funding. These targets should be consistent with reasonable assumptions on available fiscal space, progress towards coverage goals, and capacity to retain current PEPFAR-funded service provision staff at local salaries.

U.S. support to combat HIV/AIDS will remain invaluable, but ensuring support is sustainable will require recipient governments take on the bulk of direct service delivery costs, particularly with regard to treatment, testing, and maintaining local health systems, over time. And the recipient country's ministries of finance—and perhaps parliamentary bodies—will need to anticipate and agree to planned programmatic and expenditure trajectories.

In terms of funding targets for upper-middle-income countries, host countries should assume 60 percent to 80 percent of current PEPFAR service delivery obligations and associated budget requirements by the fifth year of an agreement.[29]

We recommend, however, that Partnership Frameworks carry out their own rigorous assessment of prospects for greater country co-financing of HIV/AIDS programs, taking into account possible efficiency reforms, co-financing criteria recently established by the Global Fund for AIDS, Tuberculosis and Malaria, and other donor plans going forward, as well as tradeoffs such as country governments reallocating funding for HIV/AIDS and away from other health areas or other spending.

Given the difficulties associated with a rapid shift in funding to HIV/AIDS, there are other strategies the administration could consider for low-income countries that may make an eventual transition to national funding more realistic over time, including a review of the non-service-delivery costs involved in PEPFAR, the degree to which the PEPFAR model relies on U.S. contractors, and the development of active purchasing tools.

Reform 3: Overhaul U.S. food assistance

The U.S. food aid program needs to be overhauled to improve responsiveness and effectiveness while holding down costs. Many of the laws and regulations that govern food aid are relics from the past—when U.S. farmers needed an outlet for surpluses—or are influenced by domestic interests in determining how U.S. commodities can be used or shipped. The fact that U.S. food assistance programs are badly flawed has long been an open secret, and the current drive for budget austerity presents an ideal time to finally fix these clear dysfunctions.

A web of laws and regulations—cargo preference, limitations on local and regional purchase, and monetization—increase costs and reduce responsiveness. As a result, the Government Accountability Office estimates it takes an average of four to six months after the onset of a crisis for U.S. food aid to reach its final destination and that unnecessary transaction costs make food aid inefficient.[30]

Drop cargo preference requirements

Since 1954 a cargo preference law has mandated that 75 percent of all U.S. food aid commodities be shipped aboard U.S. flagged vessels, or ships registered in the United States. The law was originally justified as a means to ensure available ships and crews during war, but it has since become an entitlement for U.S. shippers with little or no military value. Indeed, many of these U.S. flagged vessels are actually foreign owned.[31]

The truth is that cargo preference serves no purpose other than to raise the cost of food aid and slow its timely delivery. The GAO estimates the law adds $200 million annually in shipping costs, and a recent academic study concluded that cargo preference cost American taxpayers $140 million in unnecessary transportation costs in 2006. Further, the logistical cost of U.S. food aid shipments is 60 percent higher than our European counterparts, primarily because of cargo preference.[32]

Cargo preference requirements also delay a timely U.S. response to food emergencies. The need to align commodities with nearby ports that have willing and able U.S. ships can add unnecessary time when a quick response is essential. Instead contracts should be awarded to the lowest and most capable bidder. We recommend that food aid be exempt from cargo preference requirements.

Expand local and regional purchase of food

The United States provides about half of all global food aid annually. An inefficient U.S. system means that people suffer and the United States loses an opportunity to build goodwill. U.S. food aid funding increased by 53 percent from 2006 to 2008, but the tonnage of food delivered actually fell by 5 percent.[33] While a portion of the tonnage decline was due to increased commodity costs, USAID also estimated that in 2006 nearly half of its food aid resources were allocated for transportation costs rather than actual food.[34]

A logical conclusion is to purchase food closer to the emergency. A GAO report in 2009 concluded that local and regional purchase would reduce costs by 25 percent and reduce delivery time from an average of 147 days to 41 days.[35]

Buying more food closer to where it is needed is not a new idea. President George W. Bush proposed in four successive budgets to use up to 25 percent of P.L. 480, the main U.S. food program, for local and regional purchase as did his proposed 2008 Farm Bill. But U.S. commodity groups, allied with shippers, pushed back and instead a minuscule pilot program with a required study was included that delayed any meaningful reform. With a growing number of lawmakers, aid organizations, and think tanks speaking out for food aid reform, however, real reform is now possible. We recommend that half of P.L. 480 be designated for local and regional purchase where appropriate for local conditions.

Eliminate monetization

Each year a portion of P.L. 480 funding is designated as "nonemergency," which means private organizations can use those funds for agricultural development projects. Since 2001 nonemergency food aid totals roughly $400 million.

The problem is that the aid is still governed by cargo preference and "buy American" requirements. So the funds must be used to purchase U.S. commodities, which are then shipped on U.S.-flagged vessels and sold on local and regional markets. The proceeds can then be used to finance development projects or to help pay for the costs of distributing other food aid.

Development experts view monetization as counterproductive because when international NGOs sell agricultural products in local markets, it can depress prices for local farmers. It also increases NGO costs because they must retain procurement specialists who can manage bureaucratic transportation regulations and who can navigate local and regional markets.

And a study chaired by former Secretary of Agriculture Dan Glickman and former head of the World Food Program Catherine Bertini reported that "monetized U.S. food aid typically generates only fifty to seventy cents of revenue on each taxpayer dollar spent."[36] So the sale of $400 million in food aid generates only between $200 million to $280 million for private development groups.

The transaction costs are so great and the development impact so limited that the well-respected international aid group CARE International announced in 2007 that it would no longer monetize aid because it was expensive to manage and did little for development. CARE noted: "Purchasing food in the U.S., shipping it overseas, and then selling it to generate funds for food security programs is far less cost effective than the logical alternative—simply providing cash to food security programs."[37]

At a minimum, we recommend that nonemergency food aid be exempt from both cargo preference and "buy American" requirements. Cost savings from these reforms would vary from year to year depending on fluctuations in food assistance. We estimate, however, that efficiency gains would range from $488 million to $628 million annually.[38] Half of the saving from these reforms should be transferred to the Development Assistance account for agriculture-related grants to NGOs who formerly monetized.[39]

Reform 4: Create an international affairs realignment commission

Every major review of America's foreign assistance programs over the last two decades—conducted by the widest range of actors imaginable—agrees on one fundamental point: The Foreign Assistance Act of 1961, which established USAID and set many of the rules of the road for how we deliver foreign assistance, is badly outdated and needs to be rewritten.[40] Its multiple problems are obvious to even casual observers and continue to considerably undermine America's international engagement.

The act was passed in 1961, and since then it has been repeatedly amended, leaving the legislation guiding assistance efforts convoluted, often self-contradictory, and badly out of sync with the demands of the modern world. Year after year the legislation has added new restrictions, earmarks, guidelines, prohibitions, programs, and directives with the net effect of creating an almost incoherent maze. Consequently, assistance efforts lack a sound framework. Almost all commentators agree that the national interest would be far better served by a more concise, cogent, and modern piece of controlling legislation.

This brings us to the second point of broad agreement on the Foreign Assistance Act: No one can figure out how to rewrite it. Indeed, rewriting the Foreign Assistance Act is the white whale of the foreign policy and development community. Everyone thinks it should be done, but it is repeatedly dismissed as an impossible goal. Major efforts to rewrite the legislation were undertaken consistently since a major revision in the early 1970s, but were largely stillborn. The 2000s saw the creation of PEPFAR and the Millennium Challenge Corporation, which were important milestones, but still not a coherent effort to reset assistance efforts.

Washington's rancorous environment only further hardens opinion that a Foreign Assistance Act rewrite would be impossible to achieve, as would broader restructuring of the foreign affairs agencies. Certainly it is very difficult to envision a clean piece of authorizing legislation on restructuring the foreign affairs agencies emerging from the White House and Congress, with Congress divided, a Tea

Party faction within Republican ranks that objects to assistance efforts as a rule, rampant special interest lobbying, and sharp divides about foreign policy.

Sadly, the repeated failures of Foreign Assistance Act rewrites largely convinced administrations regardless of their party that they can only institute reforms that avoid the need for new underlying legislation. So the first-ever Quadrennial Diplomacy and Development Review the Obama administration released in December 2010, for example, spelled out an ambitious series of reforms at both State and USAID, yet very consciously shied away from tackling issues that would require major pieces of new legislation. This approach leaves the United States merely tinkering around the edges of the problem without getting to its heart.

The current authorization process's limits were further underscored when President Obama announced in January 2012 that he was seeking expedited authority from Congress to streamline existing government bureaucracy. In this specific case, President Obama is hoping to merge the Commerce Department's core business and trade functions, the Small Business Administration, the Office of the U.S. Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation, and the Trade and Development Agency into a single new department whose mission is "helping American businesses succeed." The president suggested that such streamlining would save $3 billion over 10 years but he did not detail the specific cost savings.[41]

The president, in announcing his plans and asking for expedited authority to streamline agencies, noted that the executive branch enjoyed such authority from a period that began in the middle of the Great Depression and ended during President Ronald Reagan's term in 1984. Under this authority the president could streamline and consolidate executive branch functions and institutions by putting such proposals to Congress in a straight up-or-down vote.

The president's proposal on merging the trade entities has merit. While the six entities involved in this streamlining proposal have both trade and development functions, merging them together would be a step toward greater coherence and coordination in this arena. Congress's initial response to the president's request for greater streamlining authority was measured and could enjoy bipartisan support given the need for cost savings.

Beyond the president's proposal for expedited authority to streamline agencies, however, there is another much more far-reaching alternative to move beyond the

long history of repeated impasse. It will create much more effective assistance programs, modernize the entire U.S. foreign policy structure, and allow cuts across the 150 account to be managed much more effectively during the next administration.

Our recommendation is that the administration and Congress embrace an approach modeled on the Defense Base Closure and Realignment Commission, or BRAC. BRAC was created to deal with an equally difficult political challenge: The Department of Defense knew it needed to close and realign bases to bring the presence of its facilities in line with its strategic goals. Yet the decision to close individual bases was wrenching and sparked very intense localized opposition.

By creating an outside commission, the Pentagon was able to bundle closures together, make clear these determinations were made on the basis of real strategic need and not lobbying, and present the list of closures for a clear up-or-down vote.

BRAC rounds were in 1988, 1991, 1993, 1995, and 2005, and the BRAC commission was incredibly effective in turning what was one of the hottest lightning-rod issues in Washington into a fairly routine process.

Rather than focus on physical installations, as BRAC did, an international affairs realignment commission would have the writ to not only look at the physical presence of U.S. embassies, consulates, and USAID missions but more importantly identify regulations , programs, and projects that could be eliminated, or even recommend institutional consolidation or streamlining.

Setting the exact mandate for the commission's first round would be essential, and one of the reasons BRAC succeeded was because it had the ability to identify major issues to be addressed without overloading the system and having it try to overhaul all base structure issues in one fell swoop.

In its first round, for example, an International Affairs Realignment Commission might review USAID mission's presence around the globe, the relationship between America's trade promotion efforts, or how the responsibilities for complex emergencies and humanitarian relief are divided between State and USAID. But bringing America's foreign affairs agencies into the modern era will clearly require several rounds by such a commission, and advocates of more effective diplomacy and development efforts need to recognize that we will only be able to improve diplomacy and development to a limited degree unless we are willing to tackle the broader question of the system under which they operate.

Like the BRAC process, international affairs realignment commissioners would be appointed by the president in consultation with Congress. The commissioners would base their recommendations on the broad strategic guidance established through the QDDR (which spells out the key policy and organizational challenges facing the foreign affairs agencies), and through subsequent discussions with commissioners. Also like BRAC, key stakeholders could give input. Finally, the commission process would allow for major parts of the Foreign Assistance Act to be updated and rewritten in a streamlined process that respected the prerogatives of both Congress and the executive branch.

The president could accept or reject the commission's recommendations in their entirety. If rejected, the commission would have a set period to amend and resubmit. Congress would have the opportunity to reject the report or else it becomes law. The benefits of such a process would be manifold:

- Move forward with important restructuring efforts in foreign affairs, abolish numerous regulations and constraints that accumulated over the years, and achieve significant cost savings without employing the traditional authorization process that has very clearly broken down

- Substantially reduce or eliminate outdated spending mandates and earmarks

- Significantly modernize the U.S. foreign policy architecture—something that will well serve the national interest and presidents regardless of party

- Package reforms together as a coherent bipartisan whole for an up-or-down vote with a high likelihood of making it through Congress

- Assure that both Congress and the president can reject the commission's recommendations if they don't agree

It would cost money to establish such a commission, but its operations would more than pay for themselves in the long run and should ultimately produce significant cost savings.

Conclusion

Periods of austerity bring hard choices. The federal budget crunch we face over the next decade is no exception. By almost any sane measure, we need to reduce the deficit while still ensuring that we protect and advance our core national interests. This is as true in foreign affairs as it is in domestic.

The stakes in properly managing this endeavor are enormous and will speak to our credibility as a leader in the community of nations and as a country that remains committed to its founding principles and vision.

The reforms suggested in this report—embracing selectivity with our economic and security assistance, more rapidly transitioning PEPFAR to country ownership in middle-income countries, overhauling food aid programs, and establishing an international affairs realignment commission—all require breaking from the status quo. But all would yield considerable savings while making our international engagement more effective.

Some of these ideas will be labeled controversial or adamantly opposed in certain quarters. To those who disagree, we offer a simple challenge: Put a better plan on the table. If the only suggestion is to keep business as usual, to pretend that real budget cuts can be avoided in perpetuity, or to claim that compromise or consensus are simply too difficult to achieve, then that is surely a premature admission of defeat.

The United States has an important window of opportunity to reform how it organizes and conducts its affairs abroad. It should not be missed.

Glossary

Assistance for Europe, Eurasia, and Central Asia: The Assistance for Europe, Eurasia, and Central Asia, or AEECA, account in the international affairs budget supports U.S. efforts to stabilize and transition Southeastern Europe and the independent states of the former Soviet Union to stable, pluralistic, and prosperous countries. AEECA is proposed for elimination in the fiscal year 2013 budget request in recognition of a number of countries' progress toward Euro-Atlantic integration and the need to support other foreign assistance priorities globally.

Defense Base Realignment and Closure Commission: The Base Realignment and Closure Commission, or BRAC, was established to deal with the politically contentious issue of closing military bases to achieve efficiencies and savings in line with congressional and Department of Defense objectives. The president appoints the independent nine-member panel, which submits its recommendations to Congress for approval. BRAC rounds took place in 1988, 1991, 1993, 1995, and 2005, and new rounds are still possible. Over five rounds the BRAC successfully closed 350 military installations.

Development assistance: The development assistance account in the international affairs budget refers to specific economic assistance USAID provides for long-term development activities. Development assistance supports multi-sector programs related to food security, education, economic growth, climate change, and governance, among others, with a focus on achieving the United Nations' Millennium Development goals.

Discretionary programs: These programs have their funding determined every year through the federal appropriations process. This spending is optional in contrast to entitlement programs, which are mandatory. Discretionary programs include development assistance.

Doing Business Index 2012: A co-publication of the World Bank and the International Finance Corporation, the Doing Business rankings provide objective

measures of business regulations and their enforcement across 183 economies. Economies are ranked on their ease of doing business, from 1 to 183. A lower ranking on the ease of doing business index means the regulatory environment is more conducive to the starting and operation of a local firm. This index averages the country's percentile rankings on 10 topics made up of a variety of indicators, giving equal weight to each topic. The rankings for all economies are benchmarked to June 2011.

Economic assistance: For the purposes of this report, economic assistance is defined as the following Function 150 bilateral accounts the U.S. government allocates: Development Assistance; Global Health Programs; Economic Support Fund; Assistance for Europe, Eurasia, and Central Asia; and the nonemergency portions of Food for Peace.

Economic Support Fund: Congress established the Economic Support Fund account in the international affairs budget to promote economic and political stability in regions where the United States has special security interests. The Department of State and USAID co-manage the Economic Support Fund and while its funds can support development activities its primary purpose is to support strategically important countries that might not otherwise qualify for aid.

Food for Peace: The Food for Peace account in the international affairs budget authorizes the provision of U.S. food assistance in response to emergencies and disasters around the world, and also funds nonemergency, development-oriented resources to help address the underlying causes of food insecurity. Funds are appropriated to the U.S. Department of Agriculture and administered by USAID.

Food monetization: Under food-aid regulation, USAID is allowed to have private voluntary organizations sell a portion of the food aid they receive from the United States on local markets in or near needy countries, and then use the proceeds of these sales to finance development projects or help pay for the costs of distributing other food aid. Some organizations have come to rely on this sale of food aid as a significant source of revenue.

Foreign Assistance Act of 1961: The Foreign Assistance Act of 1961 is the main legislative framework for U.S. foreign assistance and the cornerstone of all U.S. aid policies and programs. Congress has regularly updated the Foreign Assistance Act through reauthorizations since 1961, but the latest revision occurred in 1985. Written, passed, and signed into law at what some consider the height of the Cold

War, the act is seen by many today as outdated and unreflective of the current U.S. foreign assistance structure. Attempts have been made to revise the act, but moving foreign aid legislation through both the House and Senate has become increasingly problematic.

Foreign Military Financing: The Foreign Military Financing account in the international affairs budget provides grants for the acquisition of U.S. defense equipment, services, and training. It is intended to promote U.S. national security by contributing to regional and global stability, strengthening military support for democratically elected governments, and containing transnational threats including terrorism and trafficking in narcotics, weapons, and persons.

Freedom in the World Freedom Status 2011: Freedom in the World is a comparative assessment of global political rights and civil liberties published annually since 1972 by Freedom House, a nonprofit supporting democratic change and advocating for democracy and human rights worldwide. The survey rates and reports on 195 countries and 14 related and disputed territories to monitor trends in democracy and track improvements and setbacks in freedom worldwide.

Function 150 account: The majority of U.S. foreign assistance is contained in the international affairs budget requested and allocated through the State, Foreign Operations, and Related Agencies appropriations bill. This is also referred to as Function 150 or the "150 account" and contains spending on global economic, diplomatic, and humanitarian programs by the State Department, USAID, and the Millennium Challenge Corporation, among others.

Global Environmental Facility: The Global Environment Facility, or GEF, unites 182 member governments to address global environmental issues. The GEF provides grants to developing countries and countries with economies in transition for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. Established in 1991, the GEF is today the largest funder of projects to improve the global environment.

Global Health Programs: The Global Health Programs, formerly known as the Global Health and Child Survival account in the international affairs budget, was first appropriated in FY 2008 to merge the funds formerly appropriated under the Child Survival Health fund account and the Global HIV/AIDS Initiative account. Child Survival Health funded child survival, maternal health, HIV/AIDS, vulnerable children, family planning, and infectious diseases activities. The Global HIV/

AIDS Initiative was a separate appropriation used to fund the primary activities in the 15 focus countries under the President's Emergency Plan for AIDS Relief as well as provide funds for central programs and limited funding for nonfocus programs.

Global Health Initiative: The Global Health Initiative, or GHI, is an integrated approach to global health that leverages U.S. investments to improve health worldwide. GHI strengthens health systems with a focus on healthier women and families, innovation, partnerships, and country ownership. GHI aims to maximize the sustainable health impact the United States achieves for every dollar invested including through PEPFAR, the President's Malaria Initiative, and maternal and child health investments. Additionally, the Obama administration identified eight countries as GHI "Plus" countries, entitling them to additional technical and management assistance to accelerate the transition to GHI principles.

Global Partnership for Education: Established in 2002 the Global Partnership for Education is comprised of 46 developing countries, and over 30 bilateral, regional, and international agencies, development banks, the private sector, teachers, and local and global civil society groups. The Global Partnership for Education aims to provide its developing country partners the incentives, resources, and technical support to build and implement sound education plans. Partnership members mobilize and coordinate resources to support the achievement of these plans' targets.

Gross national income per capita: Gross national income, or GNI, per capita is a country's gross national income converted to U.S. dollars using the World Bank Atlas method, divided by the midyear population. To smooth fluctuations in prices and exchange rates, the World Bank uses a special Atlas method of conversion. We use the World Bank's World Development Indicators as the source for GNI.

Human Development Index 2011: Developed through the United Nations Development Programme, the Human Development Index is a single statistic that combines life expectancy, educational attainment, and income into a composite index. The index serves as a frame of reference for both social and economic development within a given country.

International Military and Education Training: The International Military and Education Training account in the international affairs budget is an instrument of U.S. national security and foreign policy that provides training on a grant basis to students from allied and friendly nations.

International Narcotics Control and Law Enforcement: The International Narcotics Control and Law Enforcement, or INCLE, account in the international affairs budget supports country and global programs critical to combating transnational crime and illicit threats—including efforts against terrorist and other criminal networks involved in the illegal drug trade—as well as other illicit enterprises. INCLE programs seek to close the gaps between law enforcement jurisdictions and to strengthen weak or corrupt law enforcement institutions.

Military expenditure as a percent of GDP: This indicator reveals the relative amount of funding each country spends on security. Military expenditures include all current and capital expenditures on the armed forces; defense ministries and other government agencies engaged in defense projects; paramilitary forces, if these are judged to be trained and equipped for military operations; and military space activities. We use the World Bank's World Development Indicators as the source for this indicator.

Millennium Challenge Corporation: The Millennium Challenge Corporation, or MCC, is an independent U.S. foreign aid agency seeking to reduce poverty through economic growth in a select number of poor, well-governed countries. The MCC provides grants known as "compacts" to well-governed countries. Compacts span five years and range in the hundreds of millions of dollars. The MCC also has a threshold program that provides smaller, shorter grants to countries on the cusp of compact eligibility. The MCC model is distinctive for its competitive country selection, commitment to country ownership, and focus on results and impact.

Net foreign direct investment: Foreign direct investment is the net inflow of investment to acquire a lasting management interest in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This indicator shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors in current U.S. dollars and we use the World Bank's World Development Indicators as the source.

Net official development assistance per capita: Net official development assistance per capita consists of disbursements of loans made on concessional terms and grants by members of the Development Assistance Committee, or DAC, of the Organisation for Economic Co-operation and Development multilateral institutions, and non-DAC countries to promote economic development. It is calculated by dividing net official development assistance by

the midyear population estimate. Data are in current U.S. dollars and we use the World Bank's World Development Indicators as the source for this number.

Nonproliferation, Anti-terrorism, Demining, and related programs: The Nonproliferation, Anti-terrorism, Demining, and related programs account in the international affairs budget supports U.S. efforts in four areas: nonproliferation, antiterrorism, regional stability, and humanitarian assistance. These programs are meant to reduce transnational threats to America's security, as well as to mitigate local threats that cause regional instabilities and humanitarian tragedies.

Operating expenses: In this report operating expenses or operational expenses are the ongoing cost of running the normal operations of USAID, such as budgeting for employee salaries.

Peacekeeping Operations: The Peacekeeping Operations account in the international affairs budget supports multilateral peacekeeping and regional stability operations not funded through the United Nations. Funds also address key gaps to enable countries and regional organizations to participate in peacekeeping, humanitarian operations, counterterrorism operations, and reform security forces in the aftermath of conflict.

Presidential Emergency Plan For AIDS Relief: President George W. Bush launched the Presidential Emergency Plan for AIDS Relief in 2003 to help provide prevention, treatment, and care services to countries suffering high HIV/AIDS infections. The initiative represents the largest health commitment by one country to combat a single disease internationally.

President's Policy Directive on Global Development: Signed on September 22, 2010 the President's Policy Directive on Global Development is the first presidential directive to focus on development and recognize it as vital to U.S. national security and a strategic, economic, and moral imperative for the United States. After nearly a year of study involving all U.S. government agencies engaged in some type of foreign assistance or development work, the directive outlined a number of principles to guide U.S. global development.

Quadrennial Diplomacy and Development Review: Released on December 15, 2010 the Quadrennial Diplomacy and Development Review, or QDDR, set out the blueprint for U.S. international assistance and diplomacy with the goal of making both development and diplomacy more effective, efficient,

and accountable. The QDDR seeks to strengthen the use of civilian power—diplomacy and development—to advance national interests.

Security assistance: For the purposes of this report, we define security assistance as Foreign Military Financing; International Military Education and Training; Nonproliferation, Anti-terrorism, Demining, and Related Programs; International Narcotics Control and Law Enforcement; Peacekeeping Operations; and Pakistan Counterinsurgency Capability Fund accounts in the State and Foreign Operations appropriations bill. The State Department oversees this assistance, though the Defense Department carries out the actual provision of some of this assistance and training. This report does not include military assistance budgeted purely through the Pentagon because it is not a component of the 150 account.

The Joint Select Committee on Deficit Reduction: The Budget Control Act established the Joint Select Committee on Deficit Reduction (the "super committee"), which was charged with recommending ways to reduce the deficit by up to $1.2 trillion over 10 years. According to the Budget Control Act, if the committee or Congress fails to pass a law that reduces deficits by at least $1.2 trillion, then a sequestration—or across-the-board spending cuts—will be triggered in January 2013 and continue for nine years.

Transparency International Corruption Perceptions Index 2011: The Corruption Perceptions Index ranks almost 200 countries based on how corrupt their public sector is perceived to be. A country's score indicates the perceived level of public-sector corruption on a scale of 0 to 10, where 0 means a country is perceived as highly corrupt and 10 means a country is perceived as very clean. A country's rank indicates its position relative to the other countries included in the index.

Trilateral assistance: The concept of trilateral cooperation—understood in its basic form as a partnership among a traditional donor, an emerging donor, and a low-income country—is a relatively new form of foreign assistance engagement. Although the idea has been around since 2005 and already represents a growing share of south-to-south cooperation, it has not gained much currency in U.S. aid programs until recently where some types of trilateralism are being tried in South Africa and Latin America.

Universal diplomatic representation: The commitment to preserve U.S. diplomatic ties with all or near all countries in the world by maintaining in-country embassies and diplomats in every country.

Worldwide Governance Indicators: The Worldwide Governance Indicators project reports aggregate and individual governance indicators for 213 economies for six dimensions of governance: voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; and control of corruption. The aggregate indicators combine the views of a large number of enterprise, citizen, and expert survey respondents in industrial and developing countries. The individual data sources underlying the aggregate indicators are drawn from a diverse variety of survey institutes, think tanks, nongovernmental organizations, and international organizations. This report uses the government effectiveness and rule of law indicators.

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9 Ambassador Funds are intended to provide ambassadors with readily available, flexible funding to respond to urgent needs and opportunities in foreign countries. These general pots of money are used in a variety of forms including on small development projects to improve basic economic and social conditions and for small-scale humanitarian emergencies. Nevertheless, they are designed to serve the short- and long-term diplomatic interests of ambassadors and are not focused specifically on achieving development outcomes.

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12 Some observers have noted in private discussions that certain reductions in PEPFAR allocations may be due to pipeline issues, signaling a capacity problem. If this is the case, then more information is needed on whether higher flows will resume later, or whether an assessment on capacity means that lower levels will hold for the foreseeable future. The issues begs for greater transparency.

13 We, as do most donors, use the World Bank definition for middle-income countries. The United Kingdom's Department for International Development, the Netherlands, Finland, and the European Commission have all completed bilateral aid reviews to focus their foreign assistance.

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16 The countries with USAID administrative costs exceeding 15 percent of program costs are: Albania, Angola, Bolivia, Brazil, Djibouti, Dominican Republic, Guinea & Sierra Leone, Iraq, Jamaica, Macedonia, Mongolia, Morocco, Nicaragua, Paraguay, Peru, Senegal, Serbia (80 percent of a joint mission), Sri Lanka, and Timor-Leste.

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26 Brundage, "Terra Nova."

27 Ibid.

28 Nancy Birdsall and William D. Savedoff, "Cash on Delivery: A New Approach to Foreign Aid" (Washington: Center for Global Development, 2010), available at http://www.cgdev.org/content/publications/detail/1423949/.

29 We estimate a transition of PEPFAR to greater country ownership in in upper-middle-income PEPFAR countries will save an estimated $971 million to $1.3 billion. Robert Hecht and others provide an alternative model for co-financing PEPFAR: "Middle-income countries with expected low prevalence in 2030 (less than 1 percent of adults), will have to devote less than 0.2 percent of GDP to their national AIDS programs. These countries (including Brazil, China, India, Mexico, Russia, Thailand, Ukraine, and Vietnam) have strong chances of paying fully for their AIDS response, without recourse to external financing. High-prevalence middle-income countries in southern Africa (South Africa, Namibia, Botswana, and Swaziland), where 15–20 percent of adults will still be infected with HIV in 2031, [will require] high AIDS spending (US$50–$70 per capita annually). However, in these countries, economic growth will be strong enough to keep AIDS spending at around 1 percent of GDP. These countries can make a large contribution to their AIDS spending, although perhaps they will be unable to meet their full financial needs without external support. This may be especially true over the next decade, when AIDS expenditures will peak at up to 2 percent of GDP as treatment and prevention efforts expand rapidly." Robert Hecht and others, "Critical Choices in Financing the Response to the Global HIV/AIDS Pandemic," *Health Affairs* 28 (6) (2009), available at http://siteresources.worldbank.org/INTLAC/Resources/FinancingAids.pdf.

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Engagement amid Austerity: A Bipartisan Approach to Reorienting the International Affairs Budget

Country assistance profiles

By John Norris and Connie Veillette
With Casey Dunning and William McKitterick

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Country assistance profiles

The following two sections contain our country-by-country recommendations for bilateral economic and security assistance levels. They are grouped by region. The profiles include our recommended funding trends for each country and whether these funding levels should increase, decrease, or stay flat against the fiscal year 2013 request. We do not recommend specific levels of increases or decreases for each country, instead offering this as a useful tool for policymakers as they manage overall budget levels still being negotiated.

Economic assistance as broadly defined here includes the following Function 150 accounts: Development Assistance; the Global Health Program; the Economic Support Fund; Assistance for Europe, Eurasia, and Central Asia; and Food for Peace.[1]

Security assistance as broadly defined here includes the following Function 150 accounts: International Narcotics Control and Law Enforcement; Non-proliferation, Anti-terrorism, Demining, and Related Programs; International Military Education and Training; Foreign Military Financing; Peacekeeping Operations; and the Pakistan Counterinsurgency Capability Fund.

Country funding for both economic assistance and security assistance is placed in two broad categories: Priority investment countries and Graduation in one to five years countries.

Within Priority investment countries, priority investment countries are those we believe should be given the highest priority for assistance because they exhibit a sensible mix of need, capacity to achieve lasting development, and a commitment to reform. We argue that by working in fewer countries, the United States can make increases for priority investment countries.

Countries of limited expectations are those that will likely continue to receive significant assistance largely based on short-term imperatives, including security and other geopolitical concerns, but there are red flags with the bilateral relationship. We argue that these countries should largely maintain level funding.

Within the Graduation in one to five years countries category we identify countries that can be put on a one-to five-year graduation trajectory; countries that have small, expensive-to-operate, or peripheral-interest programs; and poor performers.

The graduate-in-one-to-five-years category includes those countries that are well-positioned to graduate from U.S. assistance in the near term to midterm based on declining need and growing capacity. The small, expensive-to-operate, or peripheral-interest programs subcategory recognizes that in a number of countries aid programs are too small to have much impact, too expensive to operate given their size, or simply of peripheral interest at a time when money should be placed toward higher priorities. Poor performance countries do not strike us as good development or security partners. In this period of limited resources, U.S. aid dollars could be better spent elsewhere. But we should allow humanitarian aid, assistance to democratic and civil society groups, and The President's Emergency Plan for AIDS Relief, or PEPFAR, funding in such settings.

Country profiles also include any presidential initiatives operating within a country. Those initiatives include PEPFAR, the Global Health Initiative, Feed the Future, and Partnership for Growth.

PEPFAR is a U.S. government initiative to combat HIV/AIDS around the world. It is the largest component of the Global Health Initiative, a comprehensive initiative to build and strengthen health systems with a special focus on improving the health of women, newborns, and children. The Feed the Future initiative focuses on increasing food security and achieving sustainability in reducing hunger. Partnership for Growth is a new model designed to bring all the tools of the U.S. government—foreign assistance, trade, and diplomacy, among others—to accelerate and sustain broad-based economic growth.[2]

Countries that have or had a Millennium Challenge Corporation, or MCC, compact are also noted. Compacts are five-year, large-scale grants predicated in part on good governance. The MCC also awards smaller "threshold" grants to assist countries on the verge of compact eligibility.

We noted elsewhere, and reiterate here, that this report's recommendations will not be possible with continued congressional earmarks not guided by similar data.

As noted, there is room for a healthy debate on our selections. We offer this illustrative approach in the hope that it leads to a more informed discussion of resource allocation. All data sources are listed at the end of this section.

The following are the major data sources for each country profile:

Gross National Income per capita 2010: This is the country's gross national income converted to U.S. dollars using the World Bank Atlas method—which smooths fluctuations in prices and exchange rates—divided by the midyear population. All data for this indicator are from the World Bank's World Development Indicators.

Freedom in the World Freedom status 2011: Freedom in the World is an assessment of global political rights and civil liberties compiled annually by Freedom House. The survey rates and reports on 195 countries and 14 related and disputed territories, monitoring trends in democracy and tracking improvements and setbacks in freedom worldwide. It ranks countries as "free," "partially free," or "not free."

Human Development Index 2011: The Human Development Index, developed by the U.N. Development Programme, is a single statistic combining life expectancy, educational attainment, and income into a composite index. It is a frame of reference for both social and economic development within a given country. The lower the ranking, the more developed a country.

Transparency International Corruption Perceptions Index 2011: The Corruption Perceptions Index ranks almost 200 countries based on how corrupt their public sector is perceived to be. Countries are scored on a scale of 0–10, where 0 means a country is perceived as highly corrupt and 10 means a country is very clean. A country's rank on the index indicates its position relative to the other countries, with a lower ranking signifying less corruption.

Doing Business Index 2012: The Doing Business rankings objectively measure business regulations and their enforcement across 183 economies. Economies are ranked on their ease of doing business from 1–183. A lower ranking means the regulatory environment is more conducive to starting and operating a local firm. This index averages the country's percentile rankings on 10 topics, made up of a variety of indicators, giving equal weight to each topic.

Worldwide Governance Indicators: The Worldwide Governance Indicators project rates governance for 213 economies over the period from 1996 to 2010 across six dimensions: voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; and control of corruption. This report uses the government effectiveness and rule of law indicators. A lower rank indicates better governance.

Net official development assistance per capita: Net official development assistance per capita consists of loan disbursements made on concessional terms and grants by members of the Development Assistance Committee—a forum for selected Organisation for Economic Co-operation and Development member states to discuss issues surrounding aid, development, and poverty reduction in developing countries—and grants by non-DAC countries to promote economic development. It is calculated by dividing net ODA received by the midyear population estimate. Data are in current U.S. dollars and the indicator is sourced from the World Bank's World Development Indicators.

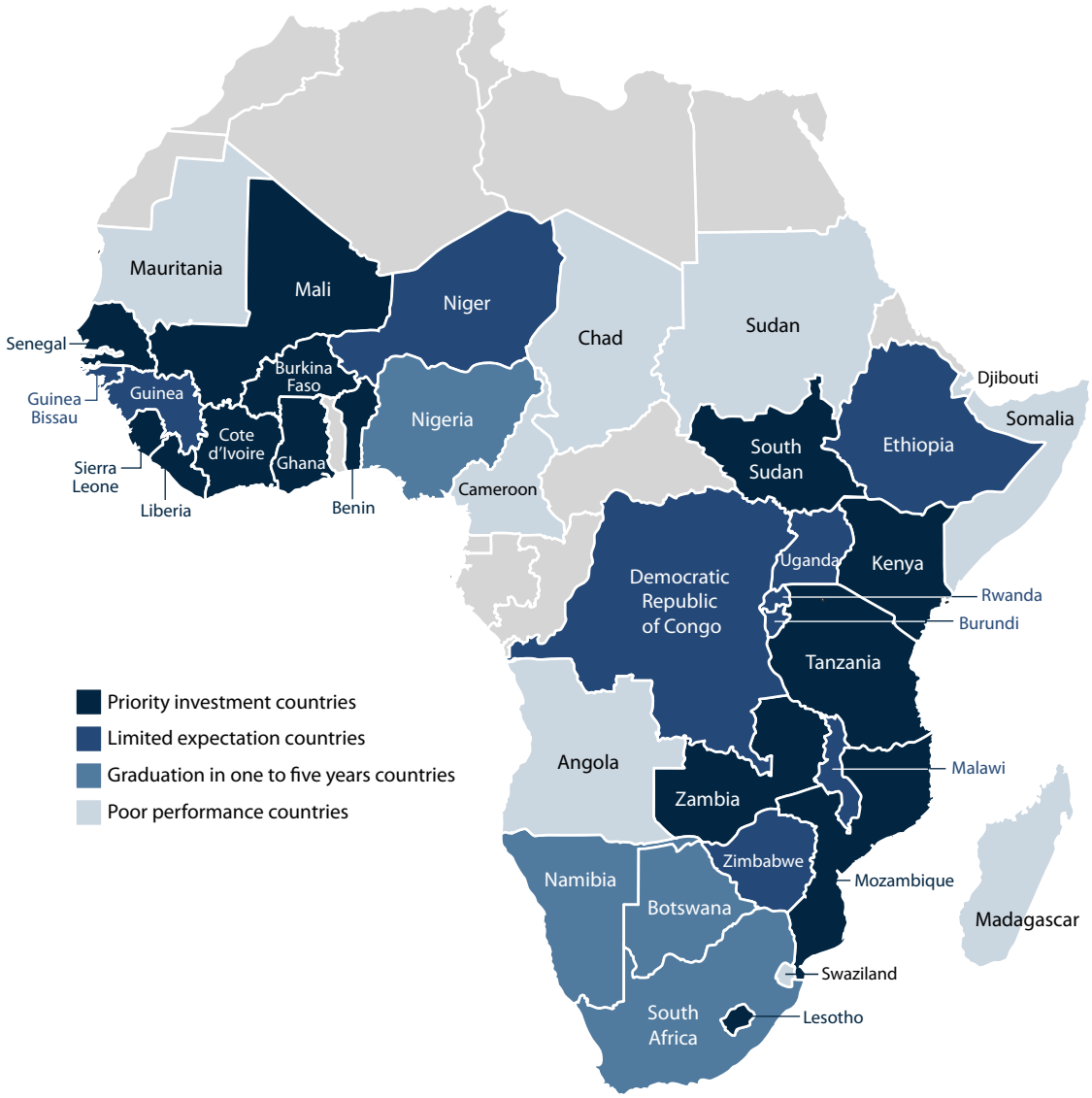
Population living under $2 a day: This indicator combines a country's poverty headcount measure with its total population to estimate the extent of absolute poverty. Data are from the World Bank's PovcalNet using surveys from 2008 or the most recent year available.

Net foreign direct investment: Foreign direct investment is the net inflow of investment to acquire a lasting management interest in an enterprise operating in an economy other than the investor's. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This indicator shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors in current U.S. dollars and is sourced from the World Bank's World Development Indicators.

Military expenditure as a percent of GDP: This indicator shows the amount of funding each country spends on security. Military expenditures include all current and capital expenditures on the armed forces; defense ministries and other government agencies engaged in defense projects; paramilitary forces, if these are judged to be trained and equipped for military operations; and military space activities. This indicator is sourced from the World Bank's World Development Indicators.

FOCUSING ECONOMIC ASSISTANCE BY REGION:

Africa



Focusing economic assistance by region: Africa

Countries in Africa continue to show great need even while the region as a whole is experiencing rapid economic growth. Many African countries also demonstrate a commitment to growth-promoting government policies.

PEPFAR funding dominates U.S. assistance to Africa, though two nations—Ghana and Tanzania—are Partnership for Growth countries. Many others are Feed the Future and Global Health Initiative countries or benefit from an MCC compact or threshold program.

We identified 14 African countries as priority investment countries, including Liberia, Mozambique, and Zambia, and we believe they are best poised to use aid dollars. An additional four African countries should be ready to graduate from U.S. assistance in one to five years: Botswana, Namibia, Nigeria, and South Africa. We have limited expectations for nine countries, which we acknowledge will remain aid partners largely based on short-term strategic imperatives. Another nine countries strike us as poor investments for our development assistance, including Cameroon, Chad, and Angola.

Priority investment countries

The following countries in Africa should be given the highest priority for economic assistance based on our subjective but data-informed analysis, which takes into consideration their relative commitment to reform, capacity to achieve lasting development, need, and strategic importance. These countries represent opportunities for real progress. In a limited number of cases we argue for priority investment based on immediate conflict-prevention efforts or to ensure that a country that has enjoyed significant previous postconflict investments does not slide backward.

Benin

FY11 actual: $30,754,000
FY12 estimated: $28,400,000
FY13 requested: $23,500,000

Benin ranks as a good partner and a priority investment country. The country completed its first Millennium Challenge Corporation compact worth $307 million and was made eligible for a second compact in FY 2012. It has also developed a country strategy under the Global Health Initiative. Benin possesses reasonable capacity according to a sampling of governance indicators and has made progress in combating corruption.

Gross National Income per capita 2010	$750
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	167
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	175
Population living under $2/day	6,129,552
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	72.04
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	64.59
Net ODA received per capita (current US$ 2009)	$79.39
FDI, net inflows (BoP, current USD millions, 2007-11)	$110.93

Burkina Faso

FY11 actual: $17,640,000
FY12 estimated: $24,000,000
FY13 requested: $21,000,000

Burkina Faso has high need for aid and middling institutional capacity. In July 2008 the country signed a five-year MCC compact for $480 million, which is currently in year three of implementation. Though ranked as "partly free" by Freedom House, Burkina Faso will likely be eligible for a second compact. Its military mutiny last year was a significant concern, however, and public dissatisfaction with elites that remain entrenched even through elections could be a sign of future trouble.

Gross National Income per capita 2010	$550
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	181
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	150
Population living under $2/day	11,335,808
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	51.66
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	66.99
Net ODA received per capita (current US$ 2009)	$67.81
FDI, net inflows (BoP, current USD millions, 2007-11)	$37.13

Cote d'Ivoire

FY11 actual: $108,020,000
FY12 estimated: $133,020,000
FY13 requested: $134,922,000

Cote d'Ivoire is undergoing an important transition after its recent civil war. U.S. support will be important in helping the situation stabilize. Former President Laurent Gbagbo was handed over to the International Criminal Court and legislative elections took place in a calm and generally free atmosphere. President Alassane Ouattara has moved to overhaul the vital cocoa industry and the country's overall progress has been significant over the last year. Getting assistance right is far preferable to a slide back toward conflict. Cote d'Ivoire is also a PEPFAR country.

Gross National Income per capita 2010	$1,070
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	170
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	167
Population living under $2/day	8,794,269
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	90.52
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	92.82
Net ODA received per capita (current US$ 2009)	$122.43
FDI, net inflows (BoP, current USD millions, 2007-11)	$417.93

Ghana

FY11 actual: $164,111,000
FY12 estimated: $171,068,000
FY13 requested: $178,154,000

Ghana remains something of a poster child for development efforts and clearly will remain a priority. A country like Ghana could be among the next generation of aid graduates even though it still has considerable need at this point in time. It is both an MCC country and one of the four initial countries selected for the U.S. government's Partnership for Growth program. It recently completed a $547 million compact and was made eligible for a second compact in FY 2011. Ghana is also a recipient of PEPFAR funds and a Feed the Future initiative country.

Gross National Income per capita 2010	$1,240
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	135
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	69
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	63
Population living under $2/day	10,846,138
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	45.97
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	44.50
Net ODA received per capita (current US$ 2009)	$66.44
FDI, net inflows (BoP, current USD millions, 2007-11)	$2,527.35

Kenya

FY11 actual: $649,918,000
FY12 estimated: $638,910,000
FY13 requested: $449,742,000

Kenya continues to receive a vast amount of funding. An overwhelming proportion of total economic assistance—over 80 percent—is dedicated to health, mainly HIV/AIDS prevention. Kenya is both a PEPFAR country and a Global Health Initiative-Plus country. The sharp reduction in the FY13 request from the 2012 level is predominately reflected in reduced PEPFAR funding. Kenya continues to be a key regional partner for the United States.

Gross National Income per capita 2010	$780
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	143
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	109
Population living under $2/day	24,814,392
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	83.41
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	64.11
Net ODA received per capita (current US$ 2009)	$45.07
FDI, net inflows (BoP, current USD millions, 2007-11)	$185.79

Lesotho

FY11 actual: $33,050,000
FY12 estimated: $28,050,000
FY13 requested: $27,624,000

Lesotho, although of limited strategic concern and "partly free" in Freedom House rankings, remains a priority country. The nation continues to face a severe problem with HIV/AIDS and as such it is both a PEPFAR and a Global Health Initiative country. Lesotho is also an MCC compact country in its fourth year of implementation. In July 2007 the MCC signed a five-year, $362.6 million compact with the country.

Gross National Income per capita 2010	$1,080
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	160
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	77
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	143
Population living under $2/day	1,191,948
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	53.55
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	57.89
Net ODA received per capita (current US$ 2009)	$57.25
FDI, net inflows (BoP, current USD millions, 2007-11)	$117.05

Liberia

FY11 actual: $175,395,000
FY12 estimated: $170,776,000
FY13 requested: $144,595,000

Liberia continues to emerge from its devastating civil war and long period of misrule under President Charles Taylor. It has made significant progress since Taylor was ousted, and is now an MCC threshold, Feed the Future, and Global Health Initiative country. It would be a mistake to cut investments to Liberia too quickly before the foundations of stability are sound and that's why the 2013 request gives us some concern.

Gross National Income per capita 2010	$190
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	182
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	91
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	151
Population living under $2/day	3,463,824
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	82.94
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	91.87
Net ODA received per capita (current US$ 2009)	$133.74
FDI, net inflows (BoP, current USD millions, 2007-11)	$452.87

Mali

FY11 actual: $137,309,000
FY12 estimated: $143,293,000
FY13 requested: $128,893,000

Mali is a Feed the Future, Global Health Initiative-Plus, and MCC compact country. Mali is currently in the fifth and final year of implementing its $461 million MCC compact. Disturbingly, Mali is now struggling with an insurgency in its north as rebel groups take advantage of arms stocks looted from Libya during that country's civil war. At the time of publication, elements of the Malian military had seized power in an attempted coup. The future governance landscape remains uncertain and the lack of a democratically elected president would affect our proposed funding levels.

Gross National Income per capita 2010	$600
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	175
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	118
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	146
Population living under $2/day	11,252,772
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	59.72
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	80.86
Net ODA received per capita (current US$ 2009)	$66.07
FDI, net inflows (BoP, current USD millions, 2007-11)	$147.64

Mozambique

FY11 actual: $384,241,000
FY12 estimated: $377,604,000
FY13 requested: $313,816,000

Mozambique is ranked "partly free" by Freedom House and it has high need and reasonable governance capabilities. But it continues to score poorly in terms of its regulatory and economic environment. Mozambique has been a good partner and stands as a useful example of a country able to emerge successfully from a long-running conflict. It is a PEPFAR, Feed the Future, and Global Health Initiative country and is in the fourth year of implementing a $507 million MCC compact.

Gross National Income per capita 2010	$440
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	184
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	139
Population living under $2/day	18,254,775
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	63.03
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	61.24
Net ODA received per capita (current US$ 2009)	$88.07
FDI, net inflows (BoP, current USD millions, 2007-11)	$788.85

Senegal

FY11 actual: $97,388,000
FY12 estimated: $105,485,000
FY13 requested: $88,697,000

Senegal has traditionally received large amounts of U.S. assistance. It is a Global Health Initiative, Feed the Future, and MCC compact country with a $540 million compact in the second year of implementation. In early April, President Macky Sall was sworn in after prevailing in a run-off contest against former President Abdoulaye Wade. Wade's willingness to step aside helped avert a major potential crisis in Senegal, and the country deserves a measure of reward for successfully navigating this transition.

Gross National Income per capita 2010	$1,050
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	155
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	154
Population living under $2/day	5,918,580
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	58.29
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	62.68
Net ODA received per capita (current US$ 2009)	$84.05
FDI, net inflows (BoP, current USD millions, 2007-11)	$237.19

Sierra Leone

FY11 actual: $18,908,000
FY12 estimated: $17,000,000
FY13 requested: $17,000,000

Sierra Leone continues to face a long, hard task as it tries to rebuild after a devastating civil war. U.S. investments in the country are surprisingly low in some respects given the considerable focus on the country during its war years. It is ranked 180 out of 187 countries on the Human Development Index, its need is considerable, and further assistance is well warranted. The country has taken important steps to combat corruption since 2008, and has a positive record on transitional justice issues. It is a Global Health Initiative country.

Gross National Income per capita 2010	$340
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	180
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	141
Population living under $2/day	3,888,291
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	81.99
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	89.00
Net ODA received per capita (current US$ 2009)	$78.45
FDI, net inflows (BoP, current USD millions, 2007-11)	$86.59

South Sudan

FY11 actual: $278,282,000
FY12 estimated: $376,606,000
FY13 requested: $356,109,000

The world's newest country, South Sudan has enormous need, poorly developed institutions, and widespread security problems. This is why it is vital that the considerable international aid funneled into the country be structured in a fashion that encourages accountability, reform, and a willingness from former guerilla leaders to share power more broadly. The spillover effects from a return to broad north-south conflict in Sudan would be far-reaching and negative for a range of U.S. interests.

Gross National Income per capita 2010	N/A
Freedom status 2011	N/A
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	N/A
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	N/A
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	N/A
Net ODA received per capita (current US$ 2009)	N/A
FDI, net inflows (BoP, current USD millions, 2007-11)	N/A

Tanzania

FY11 actual: $500,669,000
FY12 estimated: $530,139,000
FY13 requested: $570,140,000

Tanzania is one of the four initial countries selected for the U.S. government's Partnership for Growth program and remains a very large recipient of U.S. assistance. It is a PEPFAR, Global Health Initiative, Feed the Future, and MCC country, and its $698 million MCC compact is in the fourth year of implementation. It is ranked "partly free" by Freedom House and has reasonable institutional capacity and a record as a good diplomatic partner of the United States. This is one of the few countries in the region to see a significant funding increase in the FY13 request.

Gross National Income per capita 2010	$530
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	152
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	127
Population living under $2/day	36,910,164
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	63.51
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	62.20
Net ODA received per capita (current US$ 2009)	67.41
FDI, net inflows (BoP, current USD millions, 2007-11)	$433.44

Zambia

FY11 actual: $377,893,000
FY12 estimated: $367,762,000
FY13 requested: $379,730,000

Zambia has high need, relatively good institutional capacity for the continent, good leadership, and is on the verge of signing a $355 million MCC compact—all of which make it a promising development partner. It is also a participant in the PEPFAR and Feed the Future initiatives.

Gross National Income per capita 2010	$1,070
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	164
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	91
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	84
Population living under $2/day	10,022,848
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	61.61
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	76.56
Net ODA received per capita (current US$ 2009)	$99.71
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,041.40

Limited expectation countries

The following countries in Africa will likely continue to receive significant economic assistance largely based on short-term imperatives including security and other geopolitical concerns. But our analysis suggests limited likelihood of this assistance driving development. With improvements in a number of governance indicators, however, some of these countries could move into the priority category.

Burundi

FY11 actual: $47,830,000
FY12 estimated: $31,560,000
FY13 requested: $31,500,000

Burundi, a Global Health Initiative country, continues to have high need but low capacity. The country also ranks as one of the most corrupt countries in the world according to Transparency International. U.S. assistance is likely to continue given the country's lingering political fragility and forward movement on its long peace process, but the impact of assistance may not be genuinely catalytic. The administration's flat funding request suggests that its expectations are already tempered to a degree.

Gross National Income per capita 2010	$160
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	185
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	172
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	169
Population living under $2/day	7,396,904
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	90.05
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	87.08
Net ODA received per capita (current US$ 2009)	$68.86
FDI, net inflows (BoP, current USD millions, 2007-11)	$0.78

Democratic Republic of the Congo

FY11 actual: $201,460,000
FY12 estimated: $200,400,000
FY13 requested: $207,038,000

The international community, including the United States, has made enormous investments in Congo as that country tries to emerge from its status as a perpetually near-failed state. It is both a Global Health Initiative and PEPFAR country. Abandoning the country's transition and the enormous need on the ground would be difficult to justify, but aid efforts need to be accompanied by very realistic expectations and clear benchmarking by the international community to ensure greater progress.

Gross National Income per capita 2010	$180
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	187
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	168
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	178
Population living under $2/day	59,002,915
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	97.63
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	98.56
Net ODA received per capita (current US$ 2009)	$36.66
FDI, net inflows (BoP, current USD millions, 2007-11)	$2,939.30

Ethiopia

FY11 actual: $570,570,000
FY12 estimated: $543,987,000
FY13 requested: $350,771,000

Ethiopia is a key security partner and hosts a U.S. drone base. It continues to be the backbone of the international force now in Somalia. Freedom House ranked Ethiopia "not free," but it receives large amounts of U.S. assistance despite its government's often-authoritarian approach. The United States could be making a dangerous long-term bet with its assistance dollars by placing so little emphasis on governance in Ethiopia. Still, Ethiopia is facing a 79 percent cut in PEPFAR funding in the 2013 request. In addition to PEPFAR, Ethiopia is also a Feed the Future and Global Health Initiative-Plus country.

Gross National Income per capita 2010	$380
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	174
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	111
Population living under $2/day	42,553,420
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	72.51
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	57.42
Net ODA received per capita (current US$ 2009)	$47.05
FDI, net inflows (BoP, current USD millions, 2007-11)	$184.00

Guinea

FY11 actual: $24,469,000
FY12 estimated: $23,200,000
FY13 requested: $21,200,000

Guinea has high need and poor institutional capacity based on key indicators. Much of the U.S. assistance should focus on crisis-prevention efforts as the country continues to deal with potential instability. The Guinean government's recent decision to charge an army colonel for his role in killing pro-democracy protestors is a welcome step forward but gains are highly fragile.

Gross National Income per capita 2010	$380
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	178
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	164
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	179
Population living under $2/day	6,561,984
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	97.16
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	88.52
Net ODA received per capita (current US$ 2009)	$22.01
FDI, net inflows (BoP, current USD millions, 2007-11)	$101.35

Malawi

FY11 actual: $172,171,000
FY12 estimated: $160,948,000
FY13 requested: $145,498,000

Malawi has an MCC compact and many donors express concern about the country's human rights and political record. The recent death of long-time president Bingu ma Mutharika may present a chance for a fresh start. If—and this remains a large if—Malawi can demonstrate significant progress in addressing these concerns it should be considered a priority country. The country has a 90 percent poverty rate, ranks 171 on the U.N. Human Development Index, and has a per capita income of $330. Malawi is a Global Health Initiative-Plus, PEPFAR, and Feed the Future country.

Gross National Income per capita 2010	$330
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	171
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	145
Population living under $2/day	12,253,146
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	49.29
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	58.85
Net ODA received per capita (current US$ 2009)	$53.48
FDI, net inflows (BoP, current USD millions, 2007-11)	$140.00

Niger

FY11 actual: $18,196,000
FY12 estimated: $16,000,000
FY13 requested: $17,000,000

One of the least developed countries in the world—currently 186 out of 187 on the U.N. Human Development Index—Niger is also an MCC threshold country. It has faced a series of political bumps in recent years, but if its constitutional rule can be strengthened it deserves to be a focus based on both its acute need and willingness to reform.

Gross National Income per capita 2010	$360
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	186
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	173
Population living under $2/day	10,866,400
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	66.82
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	72.25
Net ODA received per capita (current US$ 2009)	$31.39
FDI, net inflows (BoP, current USD millions, 2007-11)	$946.87

Rwanda

FY11 actual: $200,969,000
FY12 estimated: $195,672,000
FY13 requested: $201,186,000

Rwanda was difficult to categorize. It has been a dynamic economic reformer and innovator, while serving as a useful security and strategic partner. But at the same time, President Paul Kagame has a poor human rights record and the country often plays an unhelpful interventionist role in neighboring Congo. Rwanda's rapid economic progress could be undercut by its approach to governance. Nevertheless, there are also numerous international examples where political liberalization followed economic liberalization. Rwanda benefits from Feed the Future and PEPFAR and is a Global Health Initiative-Plus country.

Gross National Income per capita 2010	$540
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	166
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	49
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	45
Population living under $2/day	8,474,000
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	54.03
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	45.93
Net ODA received per capita (current US$ 2009)	$90.62
FDI, net inflows (BoP, current USD millions, 2007-11)	$42.33

Uganda

FY11 actual: $461,327,000
FY12 estimated: $459,558,000
FY13 requested: $436,983,000

Uganda has been a key diplomatic partner for the United States and made much progress on the development front. A large recipient of U.S. assistance, President Yoweri Museveni's willingness to adhere to democratic norms and behavior will likely determine the future of the relationship. Uganda is a PEPFAR and Feed the Future country.

Gross National Income per capita 2010	$490
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	161
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	123
Population living under $2/day	22,110,370
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	57.82
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	65.55
Net ODA received per capita (current US$ 2009)	$55.17
FDI, net inflows (BoP, current USD millions, 2007-11)	$817.18

Zimbabwe

FY11 actual: $102,367,000
FY12 estimated: $101,408,000
FY13 requested: $130,205,000

Zimbabwe continues to suffer under the long rule of President Robert Mugabe, who transformed one of Africa's brightest development stories into a slowly unfolding tragedy. Under his corrupt leadership, Zimbabwe is ranked "not free" by Freedom House. The United States and others will remain engaged both anticipating a transition and hoping to prevent more widespread unrest, but this remains a classic case of limited expectations in the near term. Zimbabwe is a PEPFAR recipient.

Gross National Income per capita 2010	$460
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	173
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	171
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	99.05
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	96.17
Net ODA received per capita (current US$ 2009)	$59.06
FDI, net inflows (BoP, current USD millions, 2007-11)	$105.40

Graduation in one to five years countries

The following African countries are well positioned to graduate from U.S. assistance in the near term and mid-term based on need and capacity. In some cases this would mean a relatively rapid cessation of U.S. economic support. In others, a transition would be more gradual as the relationship moves from one largely based on aid to one of trade and other areas of cooperation.

Botswana

FY11 actual: $74,443,000
FY12 estimated: $66,000,000
FY13 requested: $60,640,000

Botswana is well positioned for graduation from U.S. assistance, though not immediately. It has established a good business climate, capable government institutions, and has less need than most African states. Almost all of Botswana's economic assistance is related to HIV/AIDS and a five-year plan should be established to largely hand over responsibility for these programs to national institutions working with private philanthropy and other parties. Botswana receives PEPFAR funding and is a Global Health Initiative country.

Gross National Income per capita 2010	$6,890
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	118
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	32
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	54
Population living under $2/day	510,900
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	32.23
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	32.54
Net ODA received per capita (current US$ 2009)	$141.10
FDI, net inflows (BoP, current USD millions, 2007-11)	$529.28

Namibia

FY11 actual: $103,068,000
FY12 estimated: $90,809,000
FY13 requested: $73,500,000

Namibia is ranked "free" by Freedom House and has established a good institutional environment that should encourage reform and development efforts. It is both a PEPFAR and Global Health Initiative country and the $91 million it received in 2012 was almost exclusively devoted to HIV/AIDS. The country also has a $304 million MCC compact in its third year of implementation. Namibia is included in our recommendation of upper-middle-income countries that should see accelerated burdensharing under the PEPFAR program.

Gross National Income per capita 2010	$4,650
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	120
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	57
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	78
Population living under $2/day	943,360
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	38.39
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	40.67
Net ODA received per capita (current US$ 2009)	$145.49
FDI, net inflows (BoP, current USD millions, 2007-11)	$857.64

Nigeria

FY11 actual: $628,989,000
FY12 estimated: $623,518,000
FY13 required: $597,700,000

Nigeria receives considerable assistance and is a key player in regional security. The idea of a failed Nigerian state is every Africa expert's worst nightmare. Yet the country's long history of corruption in managing its immense natural-resource wealth remains incredibly corrosive for its overall prospects. A managed graduation process would help Nigeria move toward making greater investments in its own people rather than subcontracting this effort to donors. Nigeria is a PEPFAR recipient and a Global Health Initiative country.

Gross National Income per capita 2010	$1,180
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	156
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	133
Population living under $2/day	126,592,934
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	89.10
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	89.47
Net ODA received per capita (current US$ 2009)	$10.74
FDI, net inflows (BoP, current USD millions, 2007-11)	$6,048.56

South Africa

FY11 actual: $566,522,000
FY12 estimated: $494,703,000
FY13 requested: $485,027,000

South Africa's graduation from aid, like Botswana, is largely dependent on an orderly handoff of PEPFAR programs. But as an upper-middle-income country and an engine of economic growth in southern Africa, aiming for graduation in the short term is desirable—though obviously this is far more probable in five years than one. Some residual PEPFAR funding might even continue past five years depending on cost-sharing discussions. South Africa is also a Global Health Initiative country.

Gross National Income per capita 2010	$6,100
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	123
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	64
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	35
Population living under $2/day	15,173,690
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	42.18
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	34.93
Net ODA received per capita (current US$ 2009)	$21.80
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,565.44

Small or expensive-to-operate country programs

No countries in the Africa region currently fall into this category.

Poor performance countries

The following countries in Africa do not strike us as good development partners based on available evidence, and in this era of limited resources U.S. economic-assistance dollars could be better spent elsewhere. Only humanitarian aid, assistance to democratic and civil society groups, and PEPFAR funding should be allowed in such settings.

Angola

FY11 actual: $52,953,000
FY12 estimated: $50,800,000
FY13 requested: $50,000,000

Ranked "not free" by Freedom House, Angola has continued to become more authoritarian. It maintains a strategic partnership dialogue with the United States but its climate for sustainable development is increasingly precarious. U.S. economic-assistance investments should be on a downward path until that reverses. With significant oil revenues Angola could make significant investments in its own economy if corruption were checked. Much of the current U.S. investment in Angola is through PEPFAR. Non-PEPFAR areas may not make much sense to fund.

Gross National Income per capita 2010	$3,960
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	148
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	168
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	172
Population living under $2/day	12,922,052
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	91.00
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	87.56
Net ODA received per capita (current US$ 2009)	$12.91
FDI, net inflows (BoP, current USD millions, 2007-11)	-$3,227.21

Cameroon

FY11 actual: $22,750,000
FY12 estimated: $12,750,000
FY13 requested: $16,750,000

Ranked "not free" by Freedom House, there is little to suggest that Cameroon is an effective partner in development efforts despite its high level of need. Though generally stable, political power resides firmly in the hands of Paul Biya, whose 30-year rule has left the government rife with corruption. Our assistance should be limited to humanitarian aid, assistance to democratic opposition groups, and PEPFAR funding.

Gross National Income per capita 2010	$1,160
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	150
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	161
Population living under $2/day	5,626,124
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	84.83
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	81.34
Net ODA received per capita (current US$ 2009)	$33.87
FDI, net inflows (BoP, current USD millions, 2007-11)	-$0.55

Chad

FY11 actual: $6,070,000
FY12 estimated: $6,000,000
FY13 requested: $0

Chad is one of the poorest and most corrupt countries in the world and is ranked "not free" by Freedom House. While the country continues to face severe humanitarian needs, investing economic-assistance funds is highly unlikely to produce satisfactory results. We support the administration's effort to zero out aid to Chad.

Gross National Income per capita 2010	$600
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	183
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	168
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	183
Population living under $2/day	7,557,240
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	96.21
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	95.69
Net ODA received per capita (current US$ 2009)	$51.31
FDI, net inflows (BoP, current USD millions, 2007-11)	$781.37

Djibouti

FY11 actual: $6,200,000
FY12 estimated: $3,450,000
FY13 requested: $3,500,000

Djibouti, which is ranked "not free" by Freedom House, also hosts the only U.S. military base on the continent. Even though it is a key strategic partner, expectations for the government to support meaningful economic reforms remain low, and the amount of economic aid currently offered is far from catalytic. Further, operating expenses for the USAID mission in Djibouti are 54.3 percent of program costs.

Gross National Income per capita 2010	$1,280
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	165
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	170
Population living under $2/day	290,078
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	71.09
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	84.69
Net ODA received per capita (current US$ 2009)	$185.96
FDI, net inflows (BoP, current USD millions, 2007-11)	$26.80

Madagascar

FY11 actual: $70,169,000
FY12 estimated: $63,627,000
FY13 requested: $62,424,000

Madagascar receives a bafflingly high level of U.S. assistance given we do not recognize the current government, which came to power through a military coup. Madagascar was an MCC compact country but had its compact terminated as a result of the coup. It is not a good investment priority and funds should be directed elsewhere.

Gross National Income per capita 2010	$440
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	151
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	137
Population living under $2/day	17,465,970
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	76.30
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	77.03
Net ODA received per capita (current US$ 2009)	$22.13
FDI, net inflows (BoP, current USD millions, 2007-11)	$860.39

Mauritania

FY11 actual: $5,058,000
FY12 estimated: $5,000,000
FY13 requested: $0

Mauritania is a very poor country and also one of Africa's newest oil producers. U.S. assistance is largely driven by concerns about extremist groups using the country as a base for their activities and the relatively small amounts of economic assistance invested will have limited impact. Freedom House ranks it "not free."

Gross National Income per capita 2010	$1,060
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	159
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	159
Population living under $2/day	1,572,780
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	77.73
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	82.78
Net ODA received per capita (current US$ 2009)	$84.88
FDI, net inflows (BoP, current USD millions, 2007-11)	$13.63

Somalia

FY11 actual: $21,174,000
FY12 estimated: $21,177,000
FY13 requested: $19,400,000

Somalia is widely regarded as the world's worst failed state. It is an obvious candidate for continued and even expanded humanitarian assistance. But other types of assistance to its corrupt and often ineffectual Transitional Federal Government should be revisited and discontinued unless far more effective controls, standards, and benchmarks are established. Development efforts in areas such as Somaliland and Puntland have been more effective. In essence, Somalia is almost two different aid portfolios.

Gross National Income per capita 2010	N/A
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	182
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	100.00
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	100.00
Net ODA received per capita (current US$ 2009)	$72.55
FDI, net inflows (BoP, current USD millions, 2007-11)	$112.00

Sudan:

FY11 actual: $26,393,000
FY12 estimated: $30,000,000
FY13 requested: $37,600,000

U.S. assistance to Sudan should be limited to humanitarian aid given that the president, Omar al-Bashir, remains a wanted war criminal. Sudan receives PEPFAR funding.

Gross National Income per capita 2010	$1,270
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	169
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	177
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	135
Population living under $2/day	18,622,432
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	93.84
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	93.30
Net ODA received per capita (current US$ 2009)	$53.88
FDI, net inflows (BoP, current USD millions, 2007-11)	$2,894.38

Swaziland

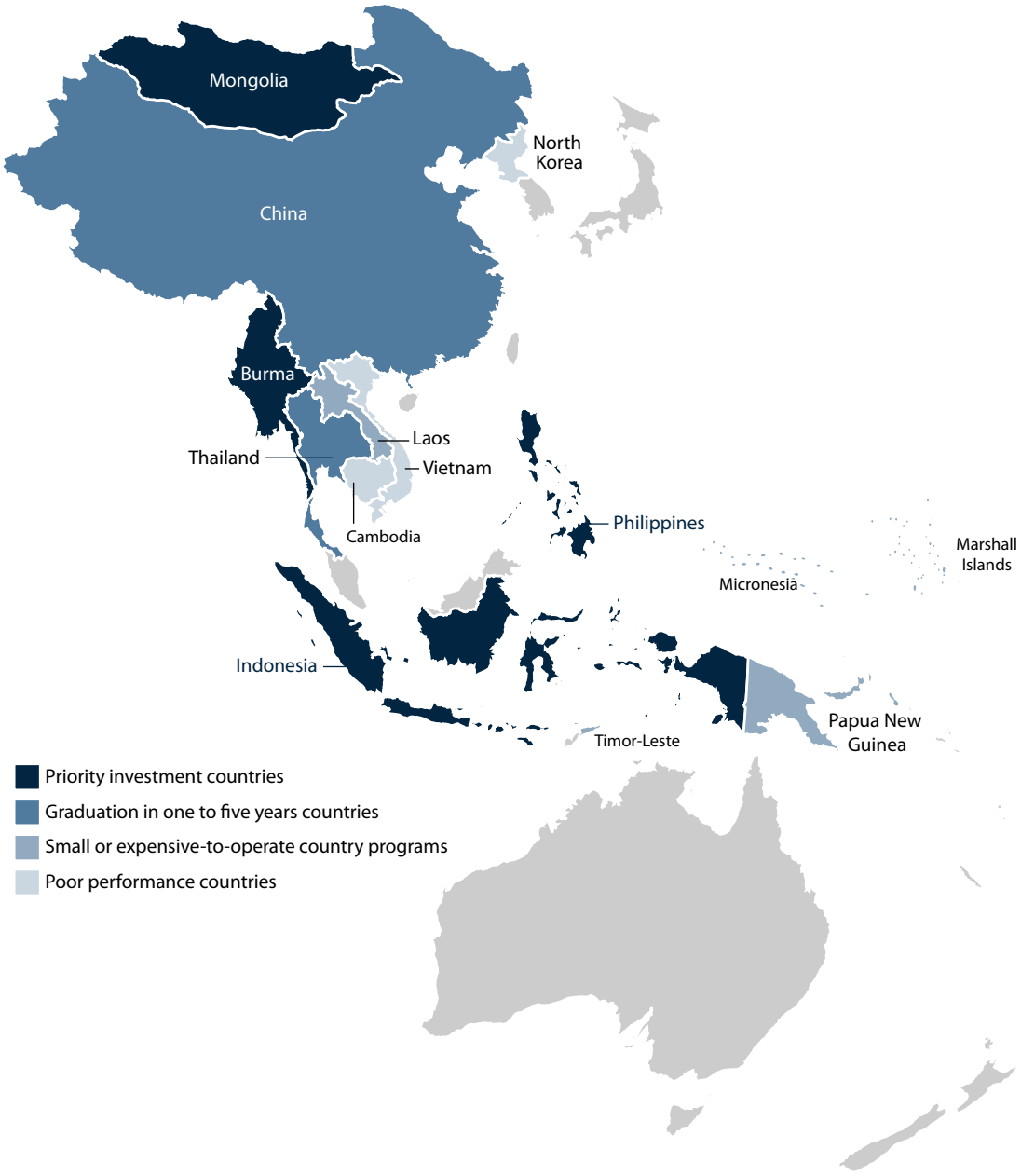
FY11 actual: $59,600,000
FY12 estimated: $37,600,000
FY13 requested: $37,600,000

Swaziland is ruled by a corrupt absolute monarch and the country should only receive life-saving humanitarian assistance. Other investments are very difficult to defend. It is a Global Health Initiative country and receives PEPFAR funding.

Gross National Income per capita 2010	$2,600
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	140
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	95
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	124
Population living under $2/day	765,440
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	62.09
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	63.64
Net ODA received per capita (current US$ 2009)	$48.42
FDI, net inflows (BoP, current USD millions, 2007-11)	$92.72

FOCUSING ECONOMIC ASSISTANCE BY REGION:

East Asia and the Pacific



Focusing economic assistance by region: East Asia and the Pacific

East Asia and Pacific countries have a wide range of growth, capacity, and good-governance indicators. This region has many small nations and the largest list of programs we deem too small to have much impact: Laos, Marshall Islands, Micronesia, Papua New Guinea, and Timor-Leste. There are only four priority investment countries—Burma, Indonesia, Mongolia, and the Philippines—and two (China and Thailand) that should be graduated in the next one to five years. Three countries—Cambodia, North Korea, and Vietnam—should see only humanitarian, democracy, or PEPFAR assistance for the time being.

Priority investment countries

The following countries in East Asia and the Pacific should be given the highest priority for economic assistance based on our subjective but data-informed analysis, which takes into consideration their relative commitment to reform, capacity to achieve lasting development, need, and strategic importance. These countries represent opportunities for real progress. In a limited number of cases we argue for priority investment based on immediate conflict-prevention efforts or to ensure that a country that has enjoyed significant previous postconflict investments does not slide backward.

Burma

FY11 actual: $38,527,000
FY12 estimated: $38,100,000
FY13 requested: $38,000,000

Assistance to Burma traditionally focuses on democratic opposition groups and humanitarian aid. Though the country is ranked "not free" by Freedom House, it has made important but tentative steps toward ending its long international isolation. The United States should be ready to assist further progress.

Gross National Income per capita 2010	N/A
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	149
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	180
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	96.68
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	97.61
Net ODA received per capita (current US$ 2009)	$5.14
FDI, net inflows (BoP, current USD millions, 2007-11)	$756.32

Indonesia

FY11 actual: $166,436,000
FY12 estimated: $146,000,000
FY13 requested: $149,000,000

Indonesia recently signed a five-year, $600 million MCC compact and is a PEPFAR and Global Health Initiative country. It is an important security and diplomatic partner, and possesses reasonably capable national institutions. Indonesia also has a large population and a per capita income of $2,580. It is likely to graduate from economic assistance in 5 to 10 years.

Gross National Income per capita 2010	$2,580
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	124
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	129
Population living under $2/day	127,724,256
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	68.72
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	52.15
Net ODA received per capita (current US$ 2009)	$4.41
FDI, net inflows (BoP, current USD millions, 2007-11)	$13,303.65

Mongolia

FY11 actual: $6,198,000
FY12 estimated: $3,000,000
FY13 requested: $6,100,000

Mongolia signed a $285 million MCC compact in 2007. Ranked "free" by Freedom House, Mongolia has made important progress. But with limited USAID dollars flowing into the country and operating expenses for the USAID mission in Mongolia exceeding 24 percent of program costs, this mission is an obvious candidate for moving to regional management if the program is not significantly expanded. The United States has placed increasing strategic emphasis on its relationship with Mongolia. The country is likely to graduate from economic assistance in 5 to 10 years.

Gross National Income per capita 2010	$1,890
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	110
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conductive to business)	86
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	58.77
WGI Government Effectiveness Percentiile Rank (Range: 1-100, 1=most effective)	67.94
Net ODA received per capita (current US$ 2009)	$137.25
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,454.69

Philippines

FY11 actual: $111,492,000
FY12 estimated: $114,055,000
FY13 requested: $117,682,000

The Philippines is an important and longstanding U.S. ally. It is one of the four initial countries selected for the U.S. government's Partnership for Growth program and an MCC country in the first year of implementing its $434 million compact. It is likely to graduate from economic assistance in 5 to 10 years. The Philippines is also a Global Health Initiative country.

Gross National Income per capita 2010	$2,050
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	112
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	129
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	136
Population living under $2/day	38,042,723
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	65.40
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	48.33
Net ODA received per capita (current US$ 2009)	$3.38
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,713.00

Limited expectation countries

No countries in the East Asia and the Pacific region currently fall into this category.

Graduation in one to five years countries

The following countries in East Asia and the Pacific are well positioned to graduate from U.S. assistance in the near and midterm based on need and capacity. In some cases this would mean a relatively rapid cessation of U.S. economic support. In others a transition would be more gradual as the relationship moves from one largely based on aid to one of trade and other areas of cooperation.

China

FY11 actual: $17,000,000
FY12 estimated: $13,500,000
FY13 requested: $6,500,000

China is the world's second-largest economy, currently enjoying 9 percent economic growth, and it is a significant holder of U.S. debt. The U.S.-China relationship should be collaborative rather than assistance-based at this juncture. Assistance for human rights and civil society groups should be continued, but China is doing well enough to take over the treatment of its HIV and tuberculosis populations immediately. It is also a PEPFAR recipient.

Gross National Income per capita 2010	$4,260
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	101
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	75
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	91
Population living under $2/day	394,351,282
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	55.45
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	40.19
Net ODA received per capita (current US$ 2009)	$0.85
FDI, net inflows (BoP, current USD millions, 2007-11)	$185,080.74

Thailand

FY11 actual: $6,551,000
FY12 estimated: $6,551,000
FY13 requested: $6,386,000

The U.S. government previously trumpeted the fact that Thailand had graduated from U.S. aid, but it continued to receive U.S assistance in 2012 including PEPFAR funding. This program should be successfully terminated and these monies better spent elsewhere.

Gross National Income per capita 2010	$4,210
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	103
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	17
Population living under $2/day	3,386,192
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	50.24
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	41.63
Net ODA received per capita (current US$ 2009)	-$1.11
FDI, net inflows (BoP, current USD millions, 2007-11)	$6,306.25

Small or expensive-to-operate country programs

The following countries in East Asia and the Pacific currently have programs, projects, and/or a USAID mission that are not necessarily cost effective or are unlikely to produce genuinely catalytic change because they operate on a relatively small scale. Some countries on this list could have their aid limited. Others should see it managed by a regional mission with a *de minimus* country presence. Appearance on this list is not commentary on the country's willingness to reform.

Laos

FY11 actual: $2,455,000
FY12 estimated: $1,350,000
FY13 requested: $1,350,000

Despite efforts to liberalize its economy, Laos remains a poor investment due to serious governance and rule of law concerns. Known for its human rights abuses, it is rated "not free" by Freedom House. Given these issues, the amount we currently spend on assistance to Laos will have little impact.

Gross National Income per capita 2010	$1,010
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	138
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	165
Population living under $2/day	3,971,394
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	78.67
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	83.25
Net ODA received per capita (current US$ 2009)	$68.71
FDI, net inflows (BoP, current USD millions, 2007-11)	$350.00

Marshall Islands

FY11 actual: $492,000
FY12 estimated: $492,000
FY13 requested: $500,000

The Marshall Islands program is too insubstantial to have a large impact. Our assistance could be better directed elsewhere given the small size of the country's population. Under treaty obligations, the United States has both responsibility and authority for defending the Marshall Islands, but small amounts of economic assistance in addition to this responsibility do not seem warranted.

Gross National Income per capita 2010	$2,990
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	N/A
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	106
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	52.61
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	92.34
Net ODA received per capita (current US$ 2009)	$1,100.83
FDI, net inflows (BoP, current USD millions, 2007-11)	$8.66

Micronesia

FY11 actual: $492,000
FY12 estimated: $492,000
FY13 requested: $500,000

The Micronesia program is too insubstantial to have a large impact. Assistance could be better directed elsewhere given the small size of the country's population.

Gross National Income per capita 2010	$2,700
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	116
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	N/A
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	140
Population living under $2/day	9,156
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	46.45
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	75.60
Net ODA received per capita (current US$ 2009)	$1,093.19
FDI, net inflows (BoP, current USD millions, 2007-11)	$10.05

Papua New Guinea

FY11 actual: $5,000,000
FY12 estimated: $5,000,000
FY13 requested: $7,500,000

U.S. assistance in Papua New Guinea has no particular comparative advantage given the modest size of the program and the country's large infusion of aid from neighboring Australia.

Gross National Income per capita 2010	$1,300
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	153
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	101
Population living under $2/day	4,178,245
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	81.52
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	73.68
Net ODA received per capita (current US$ 2009)	$61.71
FDI, net inflows (BoP, current USD millions, 2007-11)	$29.95

Timor-Leste

FY11 actual: $16,129,000
FY12 estimated: $13,500,000
FY13 requested: $11,800,000

With operating expenses for the USAID mission in Timor-Leste at almost 30 percent of program costs, this mission is an obvious candidate for moving to regional management if the program is not significantly expanded.

Gross National Income per capita 2010	$1,280
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	147
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	168
Population living under $2/day	762,264
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	89.57
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	89.95
Net ODA received per capita (current US$ 2009)	$197.25
FDI, net inflows (BoP, current USD millions, 2007-11)	$279.65

Poor performance countries

The following countries in East Asia and the Pacific do not strike us as good development partners based on available evidence, and in this era of limited resources U.S. economic assistance dollars could be better spent elsewhere. Only humanitarian aid, assistance to democratic and civil society groups, and PEPFAR funding should be allowed in such settings.

Cambodia

FY11 actual: $71,460,000
FY12 estimated: $70,850,000
FY13 requested: $69,566,000

An immediate aid cutoff to Cambodia seems unlikely, but the United States continues to put more money than it probably should into a country with very high perceived levels of corruption and with a "not free" ranking by Freedom House. Cambodia receives funding through Feed the Future, PEPFAR, and the Global Health Initiative.

Gross National Income per capita 2010	$760
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	139
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	164
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	138
Population living under $2/day	7,357,768
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	87.20
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	77.51
Net ODA received per capita (current US$ 2009)	$51.67
FDI, net inflows (BoP, current USD millions, 2007-11)	$782.60

North Korea

FY11 actual: $3,493,000
FY12 estimated: $0
FY13 requested: $0

U.S. assistance to North Korea should be limited to the traditional life-saving humanitarian aid. The country's funding levels are indicated as zero for 2012 and 2013 since the food aid being delivered comes from a non-country-specific account.

Gross National Income per capita 2010	N/A
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	182
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	92.89
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	99.52
Net ODA received per capita (current US$ 2009)	$2.75
FDI, net inflows (BoP, current USD millions, 2007-11)	N/A

Vietnam

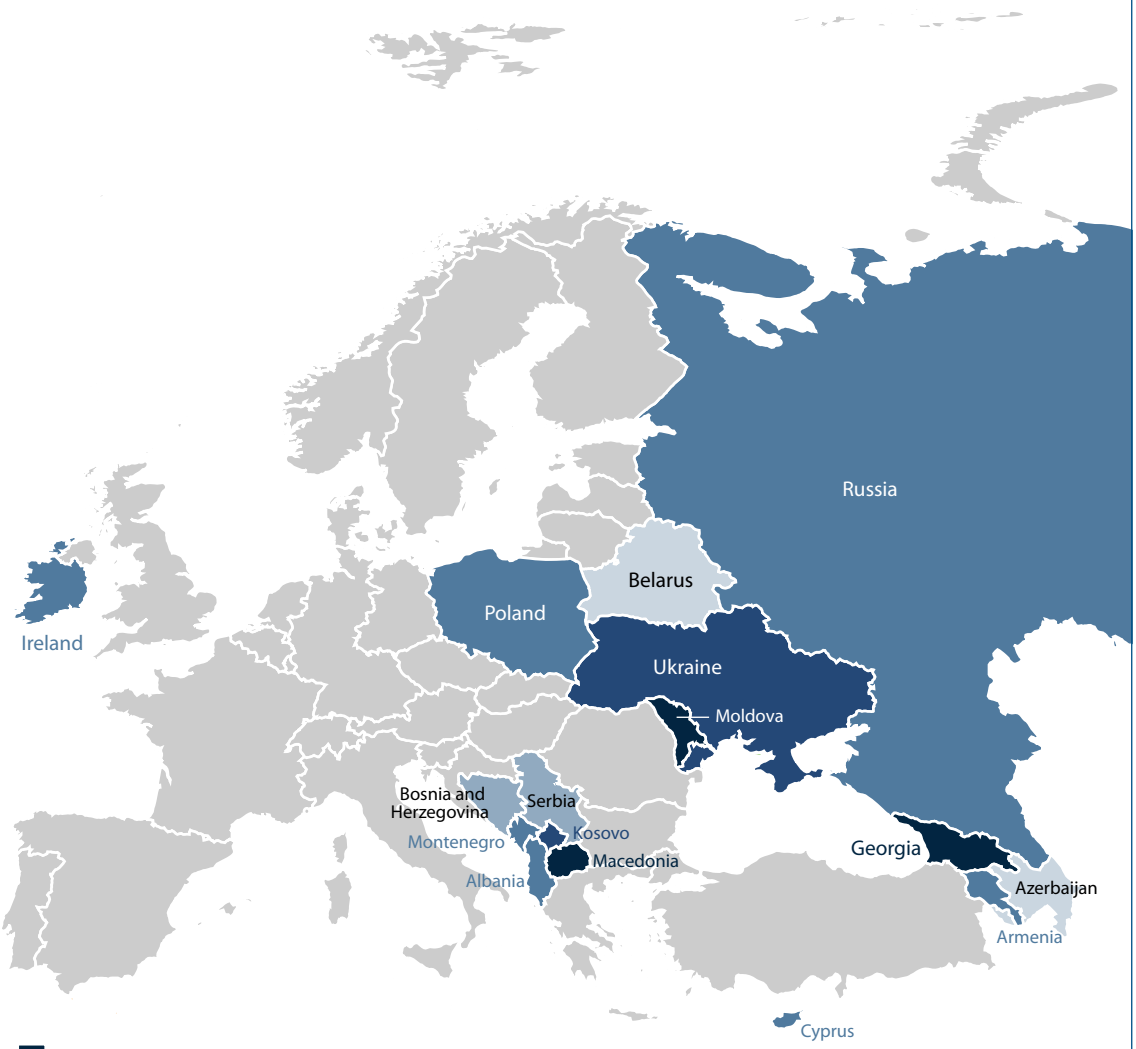
FY11 actual: $122,441,000
FY12 estimated: $99,978,000
FY13 requested: $95,778,000

The United States would appear to be overinvesting in Vietnam given the scope of human rights concerns with the Vietnamese government and its "not free" ranking by Freedom House. Nevertheless, a full aid cutoff appears unlikely given the relatively recent relaxation in U.S.-Vietnamese relations. Vietnam is also considered an important player in U.S. calculations about China's rise. It receives PEPFAR funding and is a Global Health Initiative country.

Gross National Income per capita 2010	$1,100
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	128
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	98
Population living under $2/day	36,882,496
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	61.14
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	55.98
Net ODA received per capita (current US$ 2009)	$43.53
FDI, net inflows (BoP, current USD millions, 2007-11)	$8,000.000

FOCUSING ECONOMIC ASSISTANCE BY REGION:

Europe and Eurasia



Focusing economic assistance by region: Europe and Eurasia

The countries of eastern and central Europe and Eurasia benefited from post-Cold War programs to help them transition to democratic, free-market states. Seven of them have made sufficient strides to graduate from our aid including Russia, Cyprus, and Albania. Others should remain areas of priority investment for a little longer, such as Georgia and Macedonia. Azerbaijan and Belarus in particular deserve greater scrutiny. In general, this is a region where the United States is currently overinvested given the progress on the ground.

Priority investment countries

The following countries in Europe and Eurasia should be given the highest priority for economic assistance based on our subjective but data-informed analysis, which takes into consideration the countries' relative commitment to reform, capacity to achieve lasting development, need, and strategic importance. These countries represent opportunities for real progress. In a limited number of cases we argue for priority investment based on immediate conflict prevention efforts or to ensure that a country that has enjoyed significant previous postconflict investments does not slide backward.

Georgia

FY11 actual: $66,650,000
FY12 estimated: $66,732,000
FY13 requested: $46,660,000

Georgia continues to pursue dramatic development and economic reforms and will soon sign a second compact with the MCC. It is also a Global Health Initiative country. Georgia stands as an excellent case of how much can be achieved when leadership makes a fundamental commitment to combat corruption and other key issues. Given Georgia's strategic value, it is likely to graduate from economic assistance on a longer trajectory of 5 to 10 years.

Gross National Income per capita 2010	$2,700
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	75
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	64
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	16
Population living under $2/day	1,409,484
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	51.18
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	35.89
Net ODA received per capita (current US$ 2009)	$205.84
FDI, net inflows (BoP, current USD millions, 2007-11)	$814.50

Macedonia

FY11 actual: $22,650,000
FY12 estimated: $14,000,000
FY13 requested: $9,812,000

Macedonia ranks 78 on the Human Development Index with a per capita income of $4,520. It is likely to graduate from economic assistance in 5 to 10 years. Additionally, operating expenses for the USAID mission in Macedonia are 23.5 percent of program costs.

Gross National Income per capita 2010	$4,520
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	78
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	69
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	22
Population living under $2/day	87,125
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	53.08
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	51.67
Net ODA received per capita (current US$ 2009)	$94.05
FDI, net inflows (BoP, current USD millions, 2007-11)	$295.76

Moldova

FY11 actual: $19,500,000
FY12 estimated: $21,000,000
FY13 requested: $14,050,000

Of countries in the region, Moldova ranks fairly high in need and ranks reasonably well in institutional capacity. It is in the second year of implementing a $262 million MCC compact.

Gross National Income per capita 2010	$1,810
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	111
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	81
Population living under $2/day	246,330
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	57.35
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	68.90
Net ODA received per capita (current US$ 2009)	$68.73
FDI, net inflows (BoP, current USD millions, 2007-11)	$194.32

Limited expectation countries

The following countries in Europe and Eurasia will likely continue to receive significant economic assistance largely based on short-term imperatives, including security and other geopolitical concerns. But our analysis suggests limited likelihood of this assistance driving development. With improvements in a number of governance indicators, some of these countries could move into the priority category.

Kosovo

FY11 actual: $79,000,000
FY12 estimated: $63,000,000
FY13 requested: $42,544,000

The United States recognizes that it needs to maintain a commitment to Kosovo given the U.S. role in the country's conflict in 1999. But Kosovo still struggles with institutional capacity and has limited comparative economic advantages, making more rapid development a challenge.

Gross National Income per capita 2010	$3,300
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	117
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	69.19
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	67.46
Net ODA received per capita (current US$ 2009)	$436.55
FDI, net inflows (BoP, current USD millions, 2007-11)	$413.40

Ukraine

FY11 actual: $109,636,000
FY12 estimated: $102,478,000
FY13 requested: $89,057,000

Ukraine had an MCC threshold program and has long been considered a key country geostrategically. Governance and institutional issues continue to roil the country amid an environment of sharp and personal political feuds, but these problems have not lessened the importance of helping Ukraine better establish a foundation of democracy and open markets. Ukraine also receives funding under PEPFAR and the Global Health Initiative.

Gross National Income per capita 2010	$3,010
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	76
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	152
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	152
Population living under $2/day	60,138
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	74.88
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	75.12
Net ODA received per capita (current US$ 2009)	$14.50
FDI, net inflows (BoP, current USD millions, 2007-11)	6,495.00

Graduation in one to five years countries

The following countries in Europe and Eurasia are well positioned to graduate from U.S. assistance in the near and midterm based on need and capacity. In some cases this would mean a relatively rapid cessation of U.S. economic support. In others a transition would be more gradual as the relationship moves from one largely based on aid to one of trade and other areas of cooperation.

Albania

FY11 actual: $20,000,000
FY12 estimated: $16,000,000
FY13 requested: $10,025,000

Albania has made significant progress over the last decade, and the amount of U.S. assistance is at a point where its impact is surely limited. These dollars could be used in far more pressing cases as Albania graduates.

Gross National Income per capita 2010	$4,000
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	70
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	95
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	82
Population living under $2/day	134,832
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	59.24
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	54.55
Net ODA received per capita (current US$ 2009)	$112.11
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,109.56

Armenia

FY11 actual: $40,124,000
FY12 estimated: $40,000,000
FY13 requested: $29,719,000

Armenia is a slightly longer-term graduate from U.S. assistance programs, and discussions should begin about an orderly phase-out of aid over a multiyear period. Armenia recently completed a $235 million MCC compact.

Gross National Income per capita 2010	$3,090
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	86
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	129
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	55
Population living under $2/day	382,228
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	60.19
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	50.24
Net ODA received per capita (current US$ 2009)	$171.02
FDI, net inflows (BoP, current USD millions, 2007-11)	$570.06

Cyprus

FY11 actual: $8,362,000
FY12 estimated: $3,500,000
FY13 requested: $3,200,000

Cyprus is a clear candidate for immediate graduation. It ranks 31 on the Human Development Index with a per capita income of $30,460.

Gross National Income per capita 2010	$30,460
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	31
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	30
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	40
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	13.74
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	9.57
Net ODA received per capita (current US$ 2009)	N/A
FDI, net inflows (BoP, current USD millions, 2007-11)	$4,841.38

Ireland (International Fund)

FY11 actual: $2,500,000
FY12 estimated: $2,500,000
FY13 requested: $2,500,000

Ireland is ranked as the seventh-most highly developed country in the world by the United Nations. The country has a per capita income higher than the United States. The U.S. contribution to the International Fund for Ireland is archaic and should be immediately discontinued.

Gross National Income per capita 2010	$40,990
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	7
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	19
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	10
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	5.69
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	12.44
Net ODA received per capita (current US$ 2009)	N/A
FDI, net inflows (BoP, current USD millions, 2007-11)	$27,084.97

Montenegro

FY11 actual: $8,000,000
FY12 estimated: $3,140,000
FY13 requested: $335,000

This mission is scheduled for closure and with a ranking of 54 on the Human Development Index and a per capita income of $6,690, U.S. assistance to Montenegro should be phased out completely in the relative near term. The 2013 request shows a welcome move in that direction.

Gross National Income per capita 2010	$6,690
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	54
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	66
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	56
Population living under $2/day	1,890
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	45.02
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	42.11
Net ODA received per capita (current US$ 2009)	$119.60
FDI, net inflows (BoP, current USD millions, 2007-11)	$760.44

Poland

FY11 actual: $0
FY12 estimated: $3,000,000
FY13 requested: $3,000,000

Poland has achieved high levels of development and economic achievement. It ranks 39 on the Human Development Index and is past the point where it needs U.S. economic assistance. It should be rapidly graduated.

Gross National Income per capita 2010	$12,420
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	39
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	41
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	62
Population living under $2/day	95,325
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	30.81
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	27.27
Net ODA received per capita (current US$ 2009)	N/A
FDI, net inflows (BoP, current USD millions, 2007-11)	$9,056.00

Russia

FY11 actual: $65,138,000
FY12 estimated: $62,135,000
FY13 requested: $46,979,000

Russia ranks 66 on the Human Development Index and has a per capita income of $9,910, suggesting it is well positioned to graduate completely from U.S. assistance (including PEPFAR funding) in the near term. In addition, the increasingly autocratic nature of the Russian government, which is ranked "not free" by Freedom House, makes it a poor partner for lasting development.

Gross National Income per capita 2010	$9,910
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	66
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	120
Population living under $2/day	113,560
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	73.93
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	58.37
Net ODA received per capita (current US$ 2009)	N/A
FDI, net inflows (BoP, current USD millions, 2007-11)	$42,868.43

Small or expensive-to-operate country programs

The following countries in Europe and Eurasia currently have programs, projects, and/or a USAID mission that are not necessarily cost effective or are unlikely to produce genuinely catalytic change because they operate on a relatively small scale. Some countries on this list could have their aid limited. Others should see it managed by a regional mission with a *de minimus* country presence. Appearance on this list is not commentary on the country's willingness to reform.

Bosnia and Herzegovina

FY11 actual: $42,000,000
FY12 estimated: $39,000,000
FY13 requested: $28,556,000

With operating expenses for the USAID mission in Bosnia and Herzegovina at 13 percent of program costs, this mission is a potential candidate for moving to regional management. But there may be legitimate reasons for higher operating-expense levels and this issue deserves further exploration.

Gross National Income per capita 2010	$4,790
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	74
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	91
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	125
Population living under $2/day	5,655
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	55.92
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	72.23
Net ODA received per capita (current US$ 2009)	$110.19
FDI, net inflows (BoP, current USD millions, 2007-11)	$231.54

Serbia

FY11 actual: $45,000,000
FY12 estimated: $33,500,000
FY13 requested: $19,913,000

The operating expenses for the USAID mission in Serbia are 24.6 percent of program costs and this mission is another candidate for moving to regional management. In addition, Serbia is ranked 59 on the Human Development Index and has a per capita income of $5,820, suggesting it could graduate completely from U.S. assistance in the near term.

Gross National Income per capita 2010	$5,820
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	59
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	86
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	92
Population living under $2/day	47,775
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	56.87
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	48.80
Net ODA received per capita (current US$ 2009)	$83.12
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,340.24

Poor performance countries

The following countries in Europe and Eurasia do not strike us as good development partners based on available evidence, and in this era of limited resources U.S. economic-assistance dollars could be better spent elsewhere. Only humanitarian aid, assistance to democratic and civil society groups, and PEPFAR funding should be allowed in such settings.

Azerbaijan

FY11 actual: $21,248,000
FY12 estimated: $16,600,000
FY13 requested: $11,029,000

Azerbaijan struggles with high levels of corruption and is ranked "not free" by Freedom House. The government is not particularly reform minded and U.S. investments beyond support for civil society and democratic opposition may not be well spent.

Gross National Income per capita 2010	$5,180
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	76
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	66
Population living under $2/day	245,280
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	78.20
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	77.99
Net ODA received per capita (current US$ 2009)	$25.97
FDI, net inflows (BoP, current USD millions, 2007-11)	$563.13

Belarus

FY11 actual: $13,864,000
FY12 estimated: $11,000,000
FY13 requested: $11,000,000

Belarus is not a good development partner. It is ranked "not free" by Freedom House and placed poorly on the Transparency International 2011 Corruption Perceptions Index. Its level of aid is a classic example of small amounts of funding that we know will have virtually no effect.

Gross National Income per capita 2010	$6,030
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	65
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	69
Population living under $2/day	18,240
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	85.31
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	88.04
Net ODA received per capita (current US$ 2009)	$10.31
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,402.80

FOCUSING ECONOMIC ASSISTANCE BY REGION:

Near East

Focusing economic assistance by region: Near East

Countries in the Near East continue to be of strategic interest to the United States. Recent events there have led to popular unrest and leadership changes. The fluid situation calls for a nimble U.S. response that can capitalize on positive changes and will demand a significant degree of flexibility. We believe Lebanon, Tunisia, and the West Bank and Gaza are countries with effective U.S. programs that have a higher probability of success. A number of countries—such as Egypt, Iraq, Jordan, and Yemen—will likely continue to see U.S. assistance despite concerns over its effectiveness.

Priority investment countries

The following Near East countries should be given the highest priority for economic assistance based on our subjective but data-informed analysis, which takes into consideration their relative commitment to reform, capacity to achieve lasting development, need, and strategic importance. These countries represent opportunities for real progress. In a limited number of cases we argue for priority investment based on immediate conflict-prevention efforts or to ensure that a country that has enjoyed significant previous postconflict investments does not slide backward.

Lebanon

FY11 actual: $84,725,000
FY12 estimated: $84,725,000
FY13 requested: $70,000,000

Lebanon continues to hang in the balance between stability and unrest, and is a key strategic country for the United States. Priority investments in Lebanon seem well worth it.

Gross National Income per capita 2010	$9,020
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	71
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	104
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	69.67
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	56.94
Net ODA received per capita (current US$ 2009)	$152.72
FDI, net inflows (BoP, current USD millions, 2007-11)	$4,954.86

Tunisia

FY11 actual: $5,000,000
FY12 estimated: $5,000,000
FY13 requested: $10,000,000

As the birthplace of the Arab Spring, Tunisia will likely see increasing assistance as it manages its democratic transition. It remains one of the better-positioned states in the region to direct this process successfully. It was recently made eligible for a MCC threshold program.

Gross National Income per capita 2010	$4,070
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	94
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	73
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	46
Population living under $2/day	573,315
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	40.76
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	36.84
Net ODA received per capita (current US$ 2009)	$45.39
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,400.87

West Bank and Gaza

FY11 actual: $395,699,000
FY12 estimated: $395,699,000
FY13 requested: $370,000,000

U.S. assistance to the West Bank and Gaza is deeply intertwined with our long-term diplomatic goals in the region even though it is occasionally a flashpoint for U.S. domestic political debates.

Gross National Income per capita 2010	N/A
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	N/A
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	131
Population living under $2/day	48,856
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	50.71
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	59.33
Net ODA received per capita (current US$ 2009)	$748.44
FDI, net inflows (BoP, current USD millions, 2007-11)	N/A

Limited expectation countries

The following countries in the Near East will likely continue to receive significant economic assistance largely based on short-term imperatives, including security and other geopolitical concerns. But our analysis suggests limited likelihood of this assistance driving development. With improvements in a number of governance indicators, some of these countries could move into the priority category.

Egypt

FY11 actual: $249,500,000
FY12 estimated: $250,000,000
FY13 requested: $250,000,000

Egypt has long been a cornerstone of U.S. strategic interests in the region and it is a focal point for much of the Arab Spring's energy. But the Egyptian government's recent sharp crackdown on democracy groups—including charges against a number of U.S. citizens affiliated with these groups—sharply calls into question its reform credentials. Though the relationship would have to deteriorate further and more quickly for an aid cutoff, red flags abound at the time of publication. While a successful democratic transition is a U.S. priority, development assistance to Egypt is unlikely to produce this outcome.

Gross National Income per capita 2010	$2,340
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	113
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conductive to business)	110
Population living under $2/day	12,061,280
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	48.34
WGI Government Effectiveness Percentile Rank (Range: 1-100, 1=most effective)	59.81
Net ODA received per capita (current US$ 2009)	$11.61
FDI, net inflows (BoP, current USD millions, 2007-11)	$6,385.60

Iraq

FY11 actual: $325,700,000
FY12 estimated: $299,400,000
FY13 requested: $262,850,000

The United States has withdrawn its active combat forces from Iraq and plans to cut its diplomatic and aid staff by 50 percent going forward. (Operating expenses for the USAID mission in Iraq stand at 25.2 percent of program costs.) With Iraq still ranked "not free" by Freedom House, we anticipate that U.S. investments will sharply decline in this country, and those numerous programs still in the pipeline may ultimately make very limited impact.

Gross National Income per capita 2010	$2,320
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	132
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	175
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	164
Population living under $2/day	5,631,588
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	98.10
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	90.91
Net ODA received per capita (current US$ 2009)	$89.78
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,426.40

Jordan

FY11 actual: $362,274,000
FY12 estimated: $360,000,000
FY13 requested: $360,000,000

Jordan is ranked "not free" by Freedom House but the United States continues to see it as a relative island of stability in the region despite its continued royal family rule. Anticipation for economic-assistance programs should be highly tempered even though the U.S.-Jordan relationship is strategically important. Jordan is in the first year of implementing a $275 million MCC compact.

Gross National Income per capita 2010	$4,350
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	95
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	56
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	96
Population living under $2/day	121,590
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	38.86
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	42.58
Net ODA received per capita (current US$ 2009)	$128.58
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,701.41

Yemen

FY11 actual: 35,588,000
FY12 estimated: $32,606,000
FY13 requested: $47,500,000

While Yemen is a key front in the international struggle against extremism, its government remains highly repressive, dysfunctional, and besieged. Economic-assistance investments in Yemen will likely yield very limited returns but will continue on security grounds.

Gross National Income per capita 2010	$1,060
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	154
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	164
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	99
Population living under $2/day	10,407,537
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	85.78
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	85.65
Net ODA received per capita (current US$ 2009)	$21.42
FDI, net inflows (BoP, current USD millions, 2007-11)	-$329.00

Graduation in one to five years countries

No countries in the Near East region currently fall into this category.

Small or expensive-to-operate country programs

The following countries in the Near East currently have programs, projects, and/or a USAID mission that are not necessarily cost effective or are unlikely to produce genuinely catalytic change because they operate on a relatively small scale. Some countries on this list could have their aid limited. Others should see it managed by a regional mission with a *de minimus* country presence. Appearance on this list is not commentary on the country's willingness to reform.

Morocco

FY11 actual: $21,320,000
FY12 estimated: $16,539,000
FY13 requested: $19,676,000

With operating expenses for the USAID mission in Morocco at 22.8 percent of program costs, this mission is an obvious candidate for moving to regional management if the program is not significantly expanded. Morocco is in the fourth year of implementing a $698 million MCC compact.

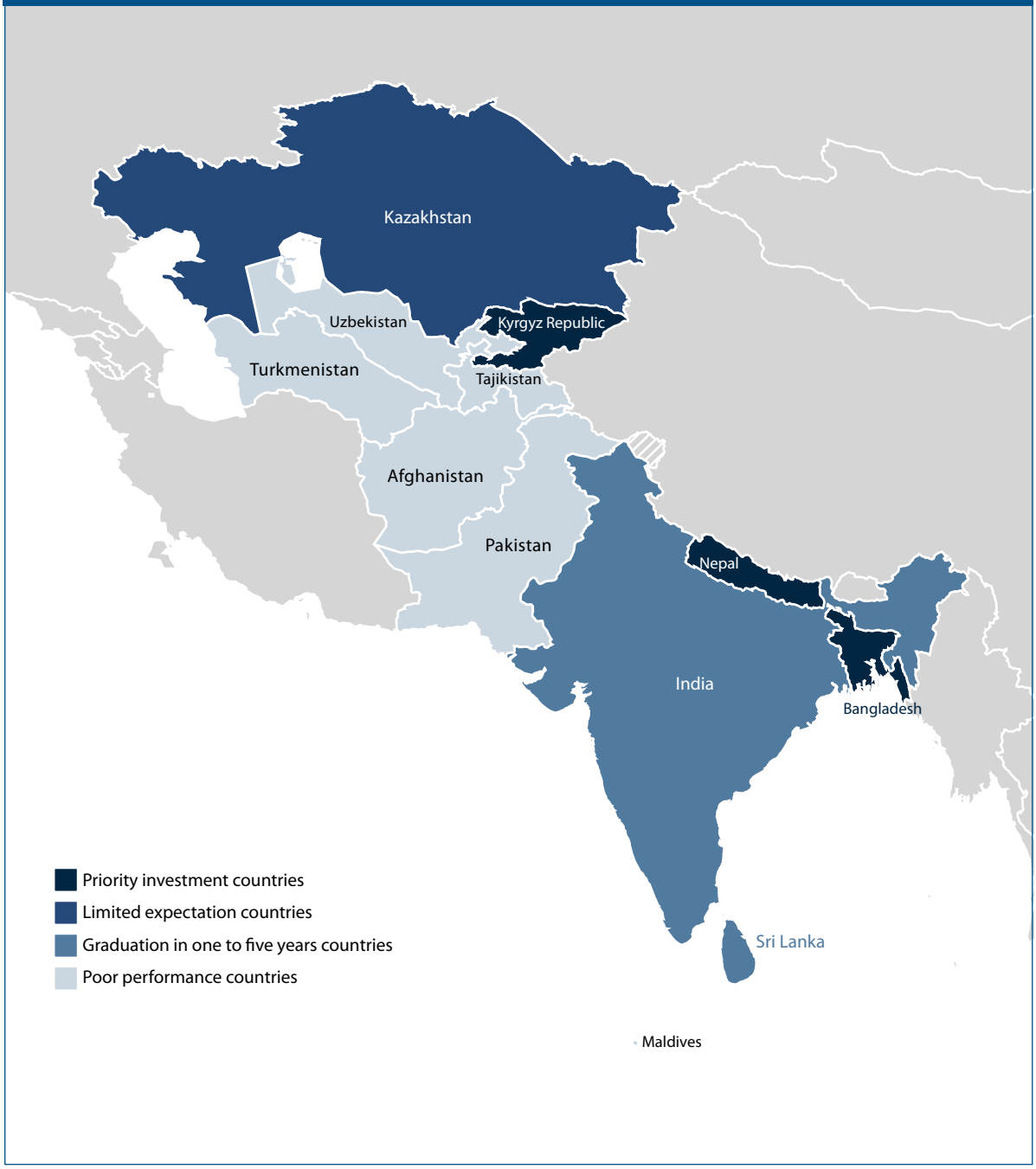
Gross National Income per capita 2010	$2,850
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	130
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	94
Population living under $2/day	3,811,644
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	49.76
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	51.20
Net ODA received per capita (current US$ 2009)	$28.82
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,240.63

Poor performance countries

No countries in the Near East region currently fall into this category. But given the significant turmoil, change, and unrest in this region the line between priority, limited expectation, and poor-performing countries is highly fluid. It is vital that U.S. assistance in the coming years be nimble and effectively designed to reward positive movement on the ground while being equally tough in recognizing those instances where conditions are poor or the climate for economic assistance has soured.

FOCUSING ECONOMIC ASSISTANCE BY REGION:

South and Central Asia



Focusing economic assistance by region: South and Central Asia

The region includes countries that are doing well—India and Sri Lanka—that could graduate from aid in one to five years. At the same time, there are very low-income countries, like Nepal and Bangladesh, both of which we recommend as priority investments. This region also includes two of the largest recipients of U.S. aid: Afghanistan and Pakistan. Both countries present difficult challenges with regard to development and the responsiveness of their governments to partner with the United States on economic issues.

Priority investment countries

The following countries in South and Central Asia should be given the highest priority for economic assistance based on our subjective but data-informed analysis, which takes into consideration their relative commitment to reform, capacity to achieve lasting development, need, and strategic importance. These countries represent opportunities for real progress. In a limited number of cases, we argue for priority investment based on immediate conflict prevention efforts or to ensure that a country that has enjoyed significant previous postconflict investments does not slide backward.

Bangladesh

FY11 actual: $178,104,000
FY12 estimated: $188,286,000
FY13 requested: $187,900,000

Bangladesh continues to face enormous human needs, ranking 146 on the Human Development Index. Ranked partly free by Freedom House, it has improved its position on corruption indicators significantly over the last five years. Bangladesh is a Feed the Future and Global Health Initiative-Plus country.

Gross National Income per capita 2010	$640
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	146
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	122
Population living under $2/day	114,070,868
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	73.46
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	78.47
Net ODA received per capita (current US$ 2009)	$8.34
FDI, net inflows (BoP, current USD millions, 2007-11)	$967.65

Kyrgyz Republic

FY11 actual: $37,498,000
FY12 estimated: $43,300,000
FY13 requested: $36,819,000

The Kyrgyz Republic continues to face major development challenges and an unsettled political situation. Its political progress is notable but fragile, and with U.S. troops in Afghanistan, the country remains an important partner.

Gross National Income per capita 2010	$880
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	126
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	164
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	70
Population living under $2/day	1,094,016
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	92.42
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	69.38
Net ODA received per capita (current US$ 2009)	$59.14
FDI, net inflows (BoP, current USD millions, 2007-11)	$437.59

Nepal

FY11 actual: $68,624,000
FY12 estimated: $78,229,000
FY13 requested: $69,200,000

Nepal is historically reliant on high levels of international economic assistance and that fact has not been altered in the wake of the peace agreement that ended its civil war. Nepal also has considerable need, ranking 157 on the Human Development Index. That said, U.S. aid and other assistance have done a poor job fostering an environment for genuine reform and broader growth. Nepal is a Feed the Future and Global Health Initiative-Plus country and was recently made eligible for a Millennium Challenge Corporation threshold program.

Gross National Income per capita 2010	$490
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	157
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	107
Population living under $2/day	18,771,263
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	83.89
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	74.64
Net ODA received per capita (current US$ 2009)	$29.07
FDI, net inflows (BoP, current USD millions, 2007-11)	$87.85

Limited expectation countries

The following countries in South and Central Asia will likely continue to receive significant economic assistance largely based on short-term imperatives, including security and other geopolitical concerns. But our analysis suggests limited likelihood of this assistance driving development. With improvements in a number of governance indicators, some of these countries could move into the priority category.

Kazakhstan

FY11 actual: $12,396,000
FY12 estimated: $14,500,000
FY13 requested: $9,392,000

Considering its "not free" rank by Freedom House, it would be useful to rethink the purpose and aims of aid to Kazakhstan as U.S. combat troops edge toward an Afghanistan withdrawal.

Gross National Income per capita 2010	$7,440
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	68
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	47
Population living under $2/day	137,896
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	68.25
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	55.50
Net ODA received per capita (current US$ 2009)	$18.70
FDI, net inflows (BoP, current USD millions, 2007-11)	$9,961.01

Graduation in one to five years countries

The following countries in South and Central Asia are well-positioned to graduate from U.S. assistance in the near term and midterm based on need and capacity. In some cases this would mean a relatively rapid cessation of U.S. economic support. In others, a transition would be more gradual as the relationship moves from one largely based on aid to one of trade and other areas of cooperation.

India

FY11 actual: $114,799,000
FY12 estimated: $101,500,000
FY13 requested: $92,000,000

India's economy continues to grow at 10 percent annually, and the country is a powerhouse in Asia. Although development remains highly uneven and per capita income is $1,340, the impact of U.S. economic assistance will be limited given the scale of India's economy and population. This relationship of bilateral assistance should increasingly transition to a trilateral partnership. India is a PEPFAR recipient.

Gross National Income per capita 2010	$1,340
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	134
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	95
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	132
Population living under $2/day	862,063,554
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	45.50
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	44.98
Net ODA received per capita (current US$ 2009)	$2.17
FDI, net inflows (BoP, current USD millions, 2007-11)	$24,159.18

Sri Lanka

FY11 actual: $14,741,000
FY12 estimated: $8,000,000
FY13 requested: $10,900,000

Sri Lanka recently emerged from its long-running civil war with able government institutions. U.S. assistance could be better directed elsewhere. Further, operating expenses for the USAID mission in Sri Lanka are 33.9 percent of program costs.

Gross National Income per capita 2010	$2,290
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	97
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	86
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	89
Population living under $2/day	5,404,080
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	47.39
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	50.72
Net ODA received per capita (current US$ 2009)	$34.05
FDI, net inflows (BoP, current USD millions, 2007-11)	$478.21

Small or expensive-to-operate country programs

No countries in the South and Central Asia region currently fall in this category.

Poor performance countries

The following countries in South and Central Asia do not strike us as good development partners based on available evidence, and in this era of limited resources, U.S. economic assistance dollars could be better spent elsewhere. Only humanitarian aid, assistance to democratic and civil society groups, and PEPFAR funding should be allowed in such settings.

Afghanistan

FY11 actual: $2,040,469,000
FY12 estimated: $1,936,762,000
FY13 requested: $1,849,270,000

Assistance to Afghanistan has been difficult to administer given the conflict, contradictory signals of commitment from the government, the general lack of infrastructure, and the difficulties of establishing a well-coordinated diplomatic approach to lasting peace. Much of our aid there has not achieved a great deal of success due to the Afghan government's poor performance and Washington's flawed development and diplomatic strategies. The United States has poured enormous sums of money into Afghanistan through systems not designed to properly measure and achieve results. Most experts also agree that aid to Afghanistan has vastly outstripped its absorptive capacity over the last decade. The United States maintains considerable security interests in Afghanistan, but until governance in that country is more effective, accountable, and representative, development gains may well be temporary or easily reversed once NATO forces withdraw. Afghanistan should be treated differently than most poor performing countries because of its strategic importance, but we are overinvested in the country given its track record.

Gross National Income per capita 20120	$330
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	172
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	180
Doing Business Index 2012 (Range: 1-183, 1=most conductive to business)	160
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	99.53
WGI Government Effectiveness Percentile Rank (Range: 1-100, 1=most effective)	95.22
Net ODA received per capita (current US$ 2009)	$186.47
FDI, net inflows (BoP, current USD millions, 2007-11)	$75.65

Maldives

FY11 actual: $3,000,000
FY12 estimated: $2,000,000
FY13 requested: $2,000,000

A recent military coup suggests that this small aid program should be terminated.

Gross National Income per capita 2010	$4,270
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	109
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	79
Population living under $2/day	20,863
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	54.50
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	53.59
Net ODA received per capita (current US$ 2009)	$106.69
FDI, net inflows (BoP, current USD millions, 2007-11)	$163.82

Pakistan

FY11 actual: $947,347,000
FY12 estimated: $864,700,000
FY13 requested: $928,250,000

Like Afghanistan, Pakistan is a special case., and aid over the last decade has been deeply flawed. Pakistan continues to lack many fundamentals of a good development partner. Still, our strategic interests there remain considerable. Most experts agree that aid to Pakistan has greatly outstripped its absorptive capacity. While Washington has important security interests in Pakistan, this program should be reduced and reoriented toward helping private-sector actors until the U.S.-Pakistan relationship gets on more solid footing. Although Pakistan should be treated differently than most poor performing countries because of its strategic importance, we are overinvested in the country given its track record.

Gross National Income per capita 2010	$1,050
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	145
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conductive to business)	105
Population living under $2/day	100,715,160
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	74.41
WGI Government Effectiveness Percentile Rank (Range: 1-100, 1=most effective)	74.16
Net ODA received per capita (current US$ 2009)	$16.31
FDI, net inflows (BoP, current USD millions, 2007-11)	$2,016.00

Tajikistan

FY11 actual: $41,538,000
FY12 estimated: $42,001,000
FY13 requested: $26,625,000

U.S. support for Tajikistan—which is ranked "not free" by Freedom House—is largely driven by our security interests in Afghanistan. This effort deserves a rethink in the near future, and the reduced 2013 request may suggest this rethink is already underway. That said, Tajikistan remains a Feed the Future country.

Gross National Income per capita 2010	$780
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	127
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	152
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	147
Population living under $2/day	2,152,842
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	88.63
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	81.82
Net ODA received per capita (current US$ 2009)	$60.28
FDI, net inflows (BoP, current USD millions, 2007-11)	$15.79

Turkmenistan

FY11 actual: $8,899,000
FY12 estimated: $8,000,000
FY13 requested: $4,640,000

Turkmenistan is still one of the world's most repressive states, and economic assistance dollars there are ill advised.

Gross National Income per capita 2010	$3,700
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	102
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	177
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	73,308
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	95.73
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	96.65
Net ODA received per capita (current US$ 2009)	$8.01
FDI, net inflows (BoP, current USD millions, 2007-11)	$2,083.00

Uzbekistan

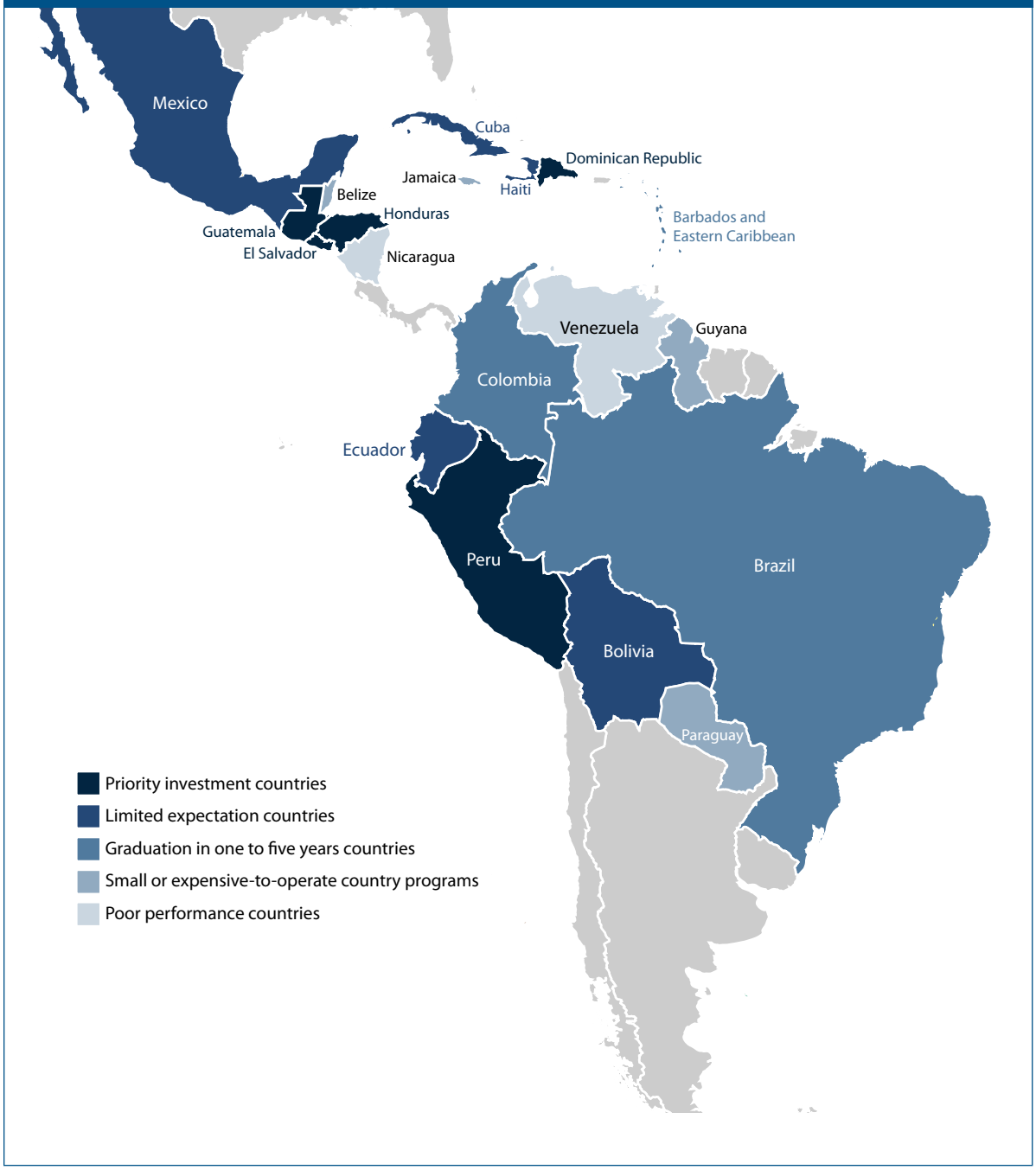
FY11 actual: $10,446,000
FY12 estimated: $10,540,000
FY13 requested: $9,512,000

Uzbekistan is ranked "not free" by Freedom House, and this aid amount is unlikely to make real change even though U.S.-Uzbek relations have begun to thaw again. Uzbekistan remains a far from ideal economic assistance partner.

Gross National Income per capita 2010	$1,280
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	115
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	177
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	166
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	95.26
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	76.08
Net ODA received per capita (current US$ 2009)	$6.85
FDI, net inflows (BoP, current USD millions, 2007-11)	$822.00

FOCUSING ECONOMIC ASSISTANCE BY REGION:

Western Hemisphere



Focusing economic assistance by region: Western Hemisphere

Latin America is enjoying very strong growth rates and, though inequality persists, some of its more developed economies—Brazil and Colombia—should graduate from aid in the near term. Central America has a number of priority countries where U.S. aid could go a long way. We have concerns about others, such as Nicaragua and Venezuela, that could see their allocations reduced. Still others will likely continue to see assistance—Haiti, Bolivia, and Mexico—even though current conditions may not be the most conducive for development.

Priority investment countries

The following countries in the Western Hemisphere should be given the highest priority for economic assistance based on our subjective but data-informed analysis, which takes into consideration their relative commitment to reform, capacity to achieve lasting development, need, and strategic importance. These countries represent opportunities for real progress. In a limited number of cases, we argue for priority investment based on immediate conflict prevention efforts or to ensure that a country that has enjoyed significant previous postconflict investments does not slide backward.

Dominican Republic

FY11 actual: $36,396,000
FY12 estimated: $29,300,000
FY13 requested: $29,075,000

Though we suggest it for priority investment, operating expenses for the USAID mission in the Dominican Republic are high at 17.9 percent of program costs. Per capita income is $4,860, wealthy enough to expect graduation in five to ten years. The country is a Global Health Initiative country and included in our recommendation of upper-middle-income countries that should see accelerated burden-sharing for the PEPFAR program. Our recommendation is for a modest increase in the non-PEPFAR part of this country's portfolio.

Gross National Income per capita 2010	$4,860
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	98
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	129
Doing Business Index 2012 (Range: 1-183, 1=most conductive to business)	108
Population living under $2/day	1,070,328
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	75.36
WGI Government Effectiveness Percentile Rank (Range: 1-100, 1=most effective)	68.42
Net ODA received per capita (current US$ 2009)	$12.23
FDI, net inflows (BoP, current USD millions, 2007-11)	$1,625.80

El Salvador

FY11 actual: $27,010,000
FY12 estimated: $25,904,000
FY13 requested: $39,000,000

One of the four initial countries selected for the U.S. government's Partnership for Growth program, El Salvador has many of the hallmarks of a good development partner and its need is genuine. It is also in the final year of implementing a $466 million Millennium Challenge Corporation compact and was made eligible for a second compact in FY2012.

Gross National Income per capita 2010	$3,360
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	105
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	112
Population living under $2/day	860,039
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	77.25
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	44.02
Net ODA received per capita (current US$ 2009)	$44.91
FDI, net inflows (BoP, current USD millions, 2007-11)	-$5.56

Guatemala

FY11 actual: $90,192,000
FY12 estimated: $88,925,000
FY13 requested: $90,100,000

Guatemala has enough need and institutional capacity to warrant continued economic assistance. It is a Feed the Future and Global Health Initiative-Plus country. Guatemala is attempting to heal the wounds of a bitter internal conflict, and it continues to suffer from some of the highest income disparity levels in the world.

Gross National Income per capita 2010	$2,740
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	131
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	97
Population living under $2/day	3,538,865
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	84.36
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	71.77
Net ODA received per capita (current US$ 2009)	$26.81
FDI, net inflows (BoP, current USD millions, 2007-11)	$686.90

Honduras

FY11 actual: $54,254,000
FY12 estimated: $55,266,000
FY13 requested: $54,500,000

Honduras has long been a U.S. ally—a relationship only briefly interrupted by a 2009 coup that was later reversed. Corruption levels remain higher than ideal and per capita income levels have lagged. It scores similarly to Nicaragua on most indicators, but Honduras grades out better due to its stronger bilateral relationship with the United States, which is not a small thing. Honduras is a Feed the Future country, was recently made eligible for a Millennium Challenge Corporation threshold program, and completed a $205 million MCC compact in 2010.

Gross National Income per capita 2010	$1,880
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	121
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	129
Doing Business Index 2012 (Range: 1-183, 1=most conductive to business)	128
Population living under $2/day	2,379,800
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	76.78
WGI Government Effectiveness Percentile Rank (Range: 1-100, 1=most effective)	69.86
Net ODA received per capita (current US$ 2009)	$61.36
FDI, net inflows (BoP, current USD millions, 2007-11)	$797.39

Peru

FY11 actual: $58,962,000
FY12 estimated: $50,000,000
FY13 requested: $47,300,000

Peru was a Millennium Challenge Corporation threshold country, and though it ranks a reasonable 80 out of 187 countries on the Human Development Index and has a per capita income of more than $4,710, it is a sensible focus country in the near term given its position as a well-governed emerging market economy. The country will likely qualify as a next-generation graduate from economic assistance in 5 to 10 years (closer to 5 years in our estimation). Additionally, operating expenses for the USAID mission in Peru are 21.1 percent of program costs.

Gross National Income per capita 2010	$4,710
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	80
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	41
Population living under $2/day	4,209,234
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	67.77
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	52.63
Net ODA received per capita (current US$ 2009)	$15.36
FDI, net inflows (BoP, current USD millions, 2007-11)	$7,328.24

Limited expectation countries

The following countries in the Western Hemisphere will likely continue to receive significant economic assistance largely based on short-term imperatives, including security and other geopolitical concerns. But our analysis suggests limited likelihood of this assistance driving development. With improvements in a number of governance indicators, some of these countries could move into the priority category.

Bolivia

FY11 actual: $26,717,000
FY12 estimated: $20,600,000
FY13 requested: $17,015,000

The cost of this USAID mission should be reviewed with operating expenses for the mission in Bolivia at 28.8 percent of program costs. The U.S.-Bolivia relationship remains uneasy, and much of the focus of U.S. assistance is on the narcotics trade.

Gross National Income per capita 2010	$1,790
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	108
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	118
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	153
Population living under $2/day	2,394,418
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	86.73
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	60.77
Net ODA received per capita (current US$ 2009)	$74.27
FDI, net inflows (BoP, current USD millions, 2007-11)	$622.00

Cuba

FY11 actual: $20,000,000
FY12 estimated: $20,000,000
FY13 requested: $15,000,000

Most of this assistance is dedicated to pro-democracy activities, and the status of U.S. assistance in Cuba is unlikely to change given U.S. political dynamics. But expectations should be tempered until more political space opens.

Gross National Income per capita 2010	$5,550
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	51
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	61
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	65.88
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	54.07
Net ODA received per capita (current US$ 2009)	$10.34
FDI, net inflows (BoP, current USD millions, 2007-11)	$85.54

Ecuador

FY11 actual: $17,270,000
FY12 estimated: $14,000,000
FY13 requested: $16,000,000

U.S. interests in Ecuador are also driven by counternarcotics, among other factors. The limited scale of investment, governance issues, and strains on the bilateral relationship all suggest limited development gains.

Gross National Income per capita 2010	$4,510
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	83
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	130
Population living under $2/day	1,830,612
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	88.15
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	70.81
Net ODA received per capita (current US$ 2009)	$14.63
FDI, net inflows (BoP, current USD millions, 2007-11)	$167.30

Haiti

FY11 actual: $348,876,000
FY12 estimated: $337,312,00
FY13 requested: $320,263,000

No other country in the hemisphere has struggled with the degree of manmade and natural catastrophes as much as Haiti. Despite enormous international investments, there are few indications that Haiti's government is in a position to achieve lasting development success as currently configured. Haiti receives PEPFAR funding and is a Feed the Future country.

Gross National Income per capita 2010	$650
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	158
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	175
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	174
Population living under $2/day	7,681,938
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	94.79
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	97.13
Net ODA received per capita (current US$ 2009)	$113.59
FDI, net inflows (BoP, current USD millions, 2007-11)	$150.00

Mexico

FY11 actual: $46,455,000
FY12 estimated: $67,610,000
FY13 requested: $58,000,000

Mexico now ranks 57 on the Human Development Index, with a per capita income of more than $9,330 that would typically push it out of the normal development assistance range. But we will not be winding down this program soon since Mexico borders the United States to the south and is struggling with complex challenges with governance and crime.

Gross National Income per capita 2010	$9,330
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	57
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	53
Population living under $2/day	5,730,634
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	66.35
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	38.28
Net ODA received per capita (current US$ 2009)	$1.66
FDI, net inflows (BoP, current USD millions, 2007-11)	$18,679.27

Graduation in one to five years countries

The following countries in the Western Hemisphere are well-positioned to graduate from U.S. assistance in the near term and midterm based on need and capacity. In some cases this would mean a relatively rapid cessation of U.S. economic support. In others a transition would be more gradual as the relationship moves from one largely based on aid to one of trade and other areas of cooperation.

Barbados and Eastern Caribbean

FY11 actual: $31,531,000
FY12 estimated: $33,440,000
FY13 requested: $34,400,000

In addition to Barbados, the Eastern Caribbean includes the six independent countries of the Organization of Eastern Caribbean States: Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. By and large these countries have high incomes, good Human Development Index scores, and high institutional capacity. Graduation is appropriate, and this group of countries is included in our recommendation of upper-middle-income countries that should see accelerated burden-sharing for the PEPFAR program. (The data below are for Barbados.)

Gross National Income per capita 2010	N/A
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	47
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	16
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	17.06
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	11.00
Net ODA received per capita (current US$ 2009)	$44.77
FDI, net inflows (BoP, current USD millions, 2007-11)	$80.00

Brazil

FY11 actual: $21,290,000
FY12 estimated: $13,300,000
FY13 requested: $3,300,000

Brazil has achieved the rank of international aid donor, produced remarkable economic growth over the last decade, and has a per capita income of $9,390. Its relationship with the United States should almost immediately shift to one of trilateral partnership rather than aid recipient.

Gross National Income per capita 2010	$9,390
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	84
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	73
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	126
Population living under $2/day	21,663,174
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	44.55
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	43.06
Net ODA received per capita (current US$ 2009)	$1.75
FDI, net inflows (BoP, current USD millions, 2007-11)	$48,437.73

Colombia

FY11 actual: $184,426,000
FY12 estimated: $179,000,000
FY13 requested: $155,000,000

The United States continues to pump large amounts of counternarcotics assistance into Colombia. Other U.S. aid flowing into the country is directed toward alternative development efforts, and the Colombian government should be able to pick up most of these efforts over time. The efficacy of many years of Colombian aid is often hotly debated. The country now ranks 87 on the Human Development Index with a per capita income of $5,510. It is likely to graduate from economic assistance in five years, with security assistance continuing after that.

Gross National Income per capita 2010	$5,510
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	87
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	42
Population living under $2/day	9,398,088
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	54.98
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	39.23
Net ODA received per capita (current US$ 2009)	$23.22
FDI, net inflows (BoP, current USD millions, 2007-11)	$6,746.51

Small or expensive-to-operate country programs

The following countries in the Western Hemisphere currently have programs, projects, and/or a USAID mission that are not necessarily cost effective or are unlikely to produce genuinely catalytic change because they operate on a relatively small scale. Some countries on this list could have their aid limited. Others should see it managed by a regional mission with a *de minimus* country presence. Appearance on this list is not commentary on the country's willingness to reform.

Belize

FY11 actual: $20,000
FY12 estimated: $0
FY13 requested: $0

Assistance to Belize in 2011 likely cost more to administer than was actually delivered, and we support this funding staying zero in 2013.

Gross National Income per capita 2010	$3,740
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	93
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	N/A
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	93
Population living under $2/day	76,736
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	56.40
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	60.29
Net ODA received per capita (current US$ 2009)	$83.61
FDI, net inflows (BoP, current USD millions, 2007-11)	$96.45

Guyana

FY11 actual: $16,525,000
FY12 estimated: $10,525,000
FY13 requested: $6,681,000

This USAID mission is slated for closure. Guyana is a PEPFAR country and its 2012 and 2013 allocation is exclusively for HIV/AIDS.

Gross National Income per capita 2010	$3,270
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	117
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	114
Population living under $2/day	124,650
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	60.66
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	49.28
Net ODA received per capita (current US$ 2009)	$230.38
FDI, net inflows (BoP, current USD millions, 2007-11)	$187.55

Jamaica

FY11 actual: $6,850,000
FY12 estimated: $5,000,000
FY13 requested: $5,000,000

With operating expenses at 38 percent of program costs—one of the highest of all USAID missions—it is difficult to defend the Jamaica program. Given the high cost of maintaining an in-country presence, the mission should be slated for closure.

Gross National Income per capita 2010	$4,750
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	79
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	86
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	88
Population living under $2/day	118,360
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	62.56
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	37.32
Net ODA received per capita (current US$ 2009)	$55.51
FDI, net inflows (BoP, current USD millions, 2007-11)	$227.67

Paraguay

FY11 actual: $5,500,000
FY12 estimated: $2,500,000
FY13 requested: $5,000,000

With operating expenses for the USAID mission in Paraguay at 34 percent of program costs, this mission is an obvious candidate for moving to regional management if the program is not significantly expanded.

Gross National Income per capita 2010	$2,940
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	107
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	102
Population living under $2/day	841,673
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	80.57
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	82.30
Net ODA received per capita (current US$ 2009)	$23.38
FDI, net inflows (BoP, current USD millions, 2007-11)	$426.70

Poor performance countries

The following countries in the Western Hemisphere do not strike us as good development partners based on available evidence, and in this era of limited resources, U.S. economic assistance dollars could be better spent elsewhere. Only humanitarian aid, assistance to democratic and civil society groups, and PEPFAR funding should be allowed in such settings.

Nicaragua

FY11 actual: $23,188,000
FY12 estimated: $11,800,000
FY13 requested: $12,000,000

Nicaragua entered a $175 million Millennium Challenge Corporation compact in 2006. In June 2009, portions of the compact were terminated after credible accusations of fraud in the 2008 municipal elections. In 2011 the MCC announced the compact's completion, having implemented the portions not affected by the partial termination. Nicaragua is not the worst partner on the "poor performance countries" list, but it has not traditionally been the strongest ally, either. Operating expenses for the USAID mission are 30.8 percent of program costs. Nicaragua is also a Feed the Future country.

Gross National Income per capita 2010	$1,080
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	129
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conductive to business)	118
Population living under $2/day	1,455,684
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	75.83
WGI Government Effectiveness Percentile Rank (Range: 1-100, 1=most effective)	84.21
Net ODA received per capita (current US$ 2009)	$135.55
FDI, net inflows (BoP, current USD millions, 2007-11)	$508.00

Venezuela

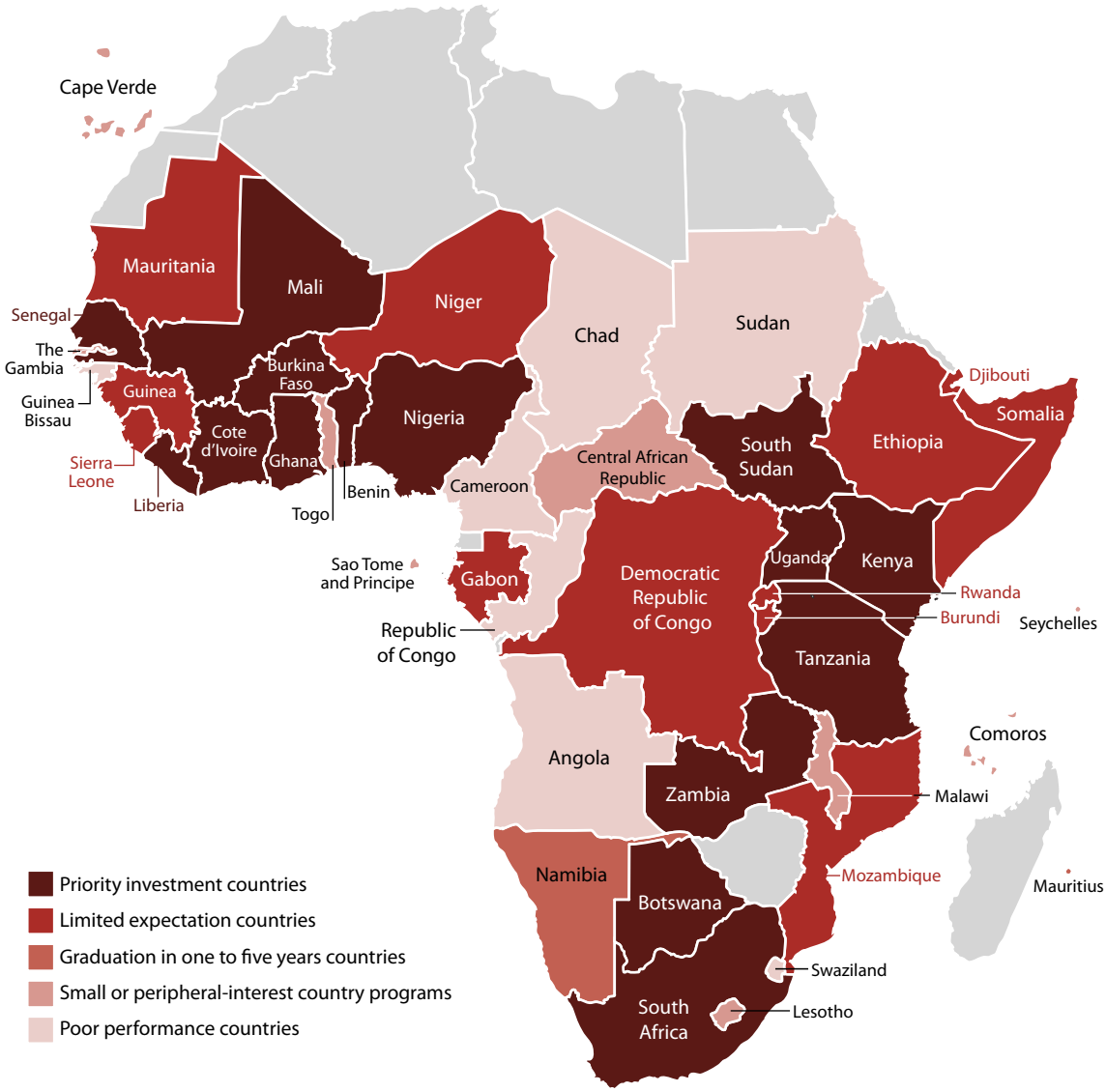
FY11 actual: $5,000,000
FY12 estimated: $5,000,000
FY13 requested: $3,000,000

Assistance to Venezuela should be limited to support for democratic opposition or humanitarian assistance based on the poor state of bilateral relations.

Gross National Income per capita 2010	$11,590
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	73
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	172
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	177
Population living under $2/day	2,604,008
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	98.58
WGI Government Effectiveness Percentile Rank (Range: 0-100, 0=most effective)	85.17
Net ODA received per capita (current US$ 2009)	$2.35
FDI, net inflows (BoP, current USD millions, 2007-11)	-$1,404.00

FOCUSING SECURITY ASSISTANCE BY REGION:

Africa



Focusing security assistance by region: Africa

African countries are not large recipients of U.S. security assistance even though the region's security relations with the United States continue to grow. Taking into consideration strategic importance and governance factors, we recommend a number of countries for continued or even increased assistance, such as Ghana, Kenya, and Liberia. Others that currently receive aid do not strike us as good investments, such as Angola, Guinea-Bissau, and Sudan. There are also many small programs, some as low as $90,000, which need to be re-evaluated for their effectiveness.

Priority investment countries

The following countries in Africa should be given the highest priority for security assistance based on our subjective but data-informed analysis, which takes into consideration their relative strategic importance, commitment to reform, capacity to achieve lasting stability, and need. Fundamental to our approach is an understanding that we need to approach security assistance within a broader framework of effective governance, and a belief that in times of limited resources it is better to concentrate efforts where they are most likely to be effective and bring enduring returns. In a limited number of cases, we argue for priority investment based on immediate conflict prevention efforts or to ensure that a country that has enjoyed significant previous postconflict investments does not slide backward.

Benin

FY11 actual: $236,000
FY12 estimated: $230,000
FY13 requested: $210,000

This security investment should be maintained or expanded given the depth of our economic assistance and Benin's general suitability as a partner. U.S.-Benin relations are solid, and Benin's military, though small, would benefit from further professionalization.

Gross National Income per capita 2010	$750
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	167
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	175
Population living under $2/day	6,129,552
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	72.04
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	64.59
FDI, net inflows (BoP, current USD millions, 2007-11))	$110.93
Military Expenditure (% of GDP)	N/A

Botswana

FY11 actual: $1,024,000
FY12 estimated: $855,000
FY13 requested: $775,000

Botswana is a good strategic partner and has generally played a very positive role in regional diplomacy. The country's military, the Botswana Defence Force, has also become more involved in peacekeeping and is a positive role model.

Gross National Income per capita 2010	$6,890
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	118
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	32
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	54
Population living under $2/day	510,900
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	32.23
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	32.54
FDI, net inflows (BoP, current USD millions, 2007-11))	$529.28
Military Expenditure (% of GDP)	2.67

Burkina Faso

FY11 actual: $246,000
FY12 estimated: $225,000
FY13 requested: $200,000

This support should be maintained given the large U.S. investments on the economic assistance side, particularly through the Millennium Challenge Corporation. Burkina Faso is a country where it is particularly crucial for diplomacy, development, and military engagement to work in concert. The military mutiny against President Blaise Compaore in 2011 led Compaore to dismiss his military chiefs. All forms of U.S. assistance should focus on strengthening and reforming key national institutions to address the significant concerns the mutiny exposed.

Gross National Income per capita 2010	$550
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	181
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	150
Population living under $2/day	11,335,808
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	51.66
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	66.99
FDI, net inflows (BoP, current USD millions, 2007-11))	$37.13
Military Expenditure (% of GDP)	1.50

Cote d'Ivoire

FY11 actual: $89,000
FY12 estimated: $0
FY13 requested: $2,400,000

Cote d'Ivoire will face enormous security issues as it tries to emerge from its recent internal conflict. U.S. security assistance and support would be helpful. The 2012 funding level was before the change in government. Since that time former President Laurent Gbagbo was handed over to the International Criminal Court, and legislative elections took place in a calm and generally free atmosphere. President Alassane Ouattara has moved to overhaul the country's vital cocoa industry and the country has made progress in the last year. As such, a modest increase from the request is warranted.

Gross National Income per capita 2010	$1,070
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	170
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	167
Population living under $2/day	8,794,269
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	90.52
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	92.82
FDI, net inflows (BoP, current USD millions, 2007-11))	$417.93
Military Expenditure (% of GDP)	N/A

Ghana

FY11 actual: $1,774,000
FY12 estimated: $1,115,000
FY13 requested: $1,150,000

Ghana has one of the smallest ratios of armed service members to general population in the world, and relative domestic stability has allowed it to contribute a high percentage of its troops to international peacekeeping efforts. Ghana's military is also one of the most professional in West Africa, and continued U.S. engagement here is productive and matches well with the significant investment on the economic assistance side.

Gross National Income per capita 2010	$1,240
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	135
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	69
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	63
Population living under $2/day	10,846,138
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	45.97
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	44.50
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,527.35
Military Expenditure (% of GDP)	0.39

Kenya

FY11 actual: $11,927,000
FY12 estimated: $13,290,000
FY13 requested: $9,796,000

The United States has increasingly relied on Kenya as an important regional security presence and supported Kenya's recent military incursion into Somalia. But the Kenyan police have largely avoided accountability for their role in post-2007 election violence, and the country's unwillingness to address or investigate related issues in the run-up to the 2013 election is deeply troubling.

Gross National Income per capita 2010	$780
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	143
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	109
Population living under $2/day	24,814,392
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	83.41
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	64.11
FDI, net inflows (BoP, current USD millions, 2007-11))	$185.79
Military Expenditure (% of GDP)	1.87

Liberia

FY11 actual: $28,695,000
FY12 estimated: $28,990,000
FY13 requested: $24,612,000

Liberia continues to face enormous challenges as it tries to develop a professional military and effectively demobilize the dueling militias and other quasi-military groups that defined the country under former President Charles Taylor. Its security-sector reform has not been without its difficulties and setbacks, but given the military's stabilizing role during earlier eras of internal conflict, continued engagement seems a sensible investment in general crisis prevention.

Gross National Income per capita 2010	$190
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	182
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	91
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	151
Population living under $2/day	3,463,824
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	82.94
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	91.87
FDI, net inflows (BoP, current USD millions, 2007-11))	$452.87
Military Expenditure (% of GDP)	N/A

Mali

FY11 actual: $597,000
FY12 estimated: $550,000
FY13 requested: $350,000

Mali faces growing internal security threats from a northern insurgency fueled by weapons looted from Libya during that country's recent civil conflict. U.S. assistance could be vital as the country tries to deal with the insurgency, and broader conflict in Mali would add even more instability to the region. At the time of publication, elements of the Malian military had seized power in an attempted coup. The future governance landscape remains to be seen and the lack of a democratically elected president would affect our proposed funding levels.

Gross National Income per capita 2010	$600
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	175
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	118
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	146
Population living under $2/day	11,252,772
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	59.72
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	80.86
FDI, net inflows (BoP, current USD millions, 2007-11))	$147.64
Military Expenditure (% of GDP)	1.90

Nigeria

FY11 actual: $3,475,000
FY12 estimated: $1,870,000
FY13 requested: $1,750,000

Nigeria remains one of the most capable and largest forces on the continent, and is traditionally an important player in regional security. By the same token, it has widespread issues with governance, corruption, and human rights abuses. The idea of a failed Nigerian state is every African expert's worst nightmare. Continued engagement is probably wise, but few would point to U.S. assistance to Nigeria—on either the security or development fronts—as a particular success.

Gross National Income per capita 2010	$1,180
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	156
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	133
Population living under $2/day	126,592,934
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	89.10
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	89.47
FDI, net inflows (BoP, current USD millions, 2007-11))	$6,048.56
Military Expenditure (% of GDP)	1.00

Senegal

FY11 actual: $1,425,000
FY12 estimated: $1,175,000
FY13 requested: $1,075,000

As noted, President Macky Sall was sworn into office in April 2012 after prevailing in a run-off contest against former President Abdoulaye Wade. Wade's willingness to step aside helped avert a major potential crisis in Senegal, which could have spilled over into the region. Senegal deserves a measure of reward for successfully navigating this transition.

Gross National Income per capita 2010	$1,050
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	155
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	154
Population living under $2/day	5,918,580
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	58.29
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	62.68
FDI, net inflows (BoP, current USD millions, 2007-11))	$237.19
Military Expenditure (% of GDP)	1.55

South Africa

FY11 actual: $4,918,000
FY12 estimated: $5,565,000
FY13 requested: $3,750,000

South Africa is a vital strategic partner even though its diplomatic approach to issues such as Libya and Zimbabwe often frustrates U.S. diplomats. U.S.-South African military ties remain strong, but given South Africa's ability to invest more than $5 billion to host the World Cup in 2010, the scope of U.S. military assistance and training should decline to a degree over the midterm.

Gross National Income per capita 2010	$6,100
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	123
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	64
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	35
Population living under $2/day	15,173,690
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	42.18
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	34.93
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,565.44
Military Expenditure (% of GDP)	1.24

South Sudan

FY11 actual: $70,433,000
FY12 estimated: $93,600,000
FY13 requested: $70,489,000

South Sudan is trying to build a modern state from a very bare base. With conflict with the North a persistent possibility, a prevalence of unwieldy militia, and a number of security-sector reforms urgently needed, U.S. security assistance must be a cornerstone of coordinated international efforts to stabilize the situation. It is essential that security assistance be delivered so that it reinforces civilian command of the security services.

Gross National Income per capita 2010	N/A
Freedom status 2011	N/A
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	N/A
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	N/A
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	N/A
FDI, net inflows (BoP, current USD millions, 2007-11))	N/A
Military Expenditure (% of GDP)	N/A

Tanzania

FY11 actual: $1,105,000
FY12 estimated: $1,040,000
FY13 requested: $1,225,000

The United States and Tanzania enjoy a strong partnership, and the Tanzania People's Defence Force has a generally positive reputation though it requires significant modernization. Significant U.S. engagement on both the economic and security sides seems well-justified by conditions on the ground, and the request for both security and economic assistance is up from 2012.

Gross National Income per capita 2010	$530
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	152
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	127
Population living under $2/day	36,910,164
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	63.51
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	62.20
FDI, net inflows (BoP, current USD millions, 2007-11))	$433.44
Military Expenditure (% of GDP)	N/A

Uganda

FY11 actual: $1,143,000
FY12 estimated: $1,400,000
FY13 requested: $1,331,000

The U.S. military is closely engaged with the Uganda People's Defence Force in the hunt for Joseph Kony and the Lord's Resistance Army. Uganda has also played an important though sometimes controversial role in regional security. Continued assistance should be predicated on fully democratic behavior by President Yoweri Museveni.

Gross National Income per capita 2010	$490
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	161
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	123
Population living under $2/day	22,110,370
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	57.82
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	65.55
FDI, net inflows (BoP, current USD millions, 2007-11))	$817.18
Military Expenditure (% of GDP)	1.69

Zambia

FY11 actual: $422,000
FY12 estimated: $335,000
FY13 requested: $300,000

The United States should continue a modest investment of security assistance in a country with a reasonably reform-minded track record.

Gross National Income per capita 2010	$1,070
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	164
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	91
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	84
Population living under $2/day	10,022,848
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	61.61
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	76.56
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,041.40
Military Expenditure (% of GDP)	1.71

Limited expectation countries

The following countries in Africa will likely continue to receive significant security assistance largely based on short-term imperatives, but our analysis suggests there are a number of red flags with the performance of these governments.

Burundi

FY11 actual: $352,000
FY12 estimated: $325,000
FY13 requested: $275,000

This country has very real corruption challenges and the risk of a return to violence. Ceasing U.S. security assistance would seem unwise given the country's lingering political fragility and progress on its long peace process, but the impact of assistance may not be genuinely catalytic.

Gross National Income per capita 2010	$160
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	185
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	172
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	169
Population living under $2/day	7,396,904
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	90.05
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	87.08
FDI, net inflows (BoP, current USD millions, 2007-11))	$0.78
Military Expenditure (% of GDP)	N/A

Democratic Republic of the Congo

FY11 actual: $29,320,000
FY12 estimated: $26,450,000
FY13 requested: $21,350,000

The international community, including the United States, has made enormous investments in Congo as that country tries to emerge from being a near-failed state. Abandoning the transition and the enormous need on the ground would be difficult to justify, but aid efforts need to be accompanied by realistic expectations and clear benchmarking by the international community to ensure greater progress. The same holds true with security assistance in a country where the military continues to have considerable impunity issues and has been involved in numerous abuses. Congo is also ranked "not free" by Freedom House.

Gross National Income per capita 2010	$180
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	187
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	168
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	178
Population living under $2/day	59,002,915
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	97.63
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	98.56
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,939.30
Military Expenditure (% of GDP)	1.40

Djibouti

FY11 actual: $2,368,000
FY12 estimated: $1,835,000
FY13 requested: $1,315,000

Djibouti, which is ranked "not free" by Freedom House, hosts the only U.S. military base on the continent. The U.S. military base lease and associated fees are a source of important income to the country's military and political leadership. A key strategic partner, expectations for the government to support meaningful economic reforms remain low, and security assistance should be delivered in a way that lessens the military's role in the state.

Gross National Income per capita 2010	$1,280
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	165
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	170
Population living under $2/day	290,078
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	71.09
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	84.69
FDI, net inflows (BoP, current USD millions, 2007-11))	$26.80
Military Expenditure (% of GDP)	N/A

Ethiopia

FY11 actual: $650,000
FY12 estimated: $1,418,000
FY13 requested: $500,000

Ethiopia has been an important security partner for the United States and currently hosts a U.S. drone base on its soil. In addition, Ethiopia is deeply involved in the often-flawed peacekeeping efforts in Somalia. But the government is often repressive, and while the Ethiopian military is more disciplined than most others on the continent, it continues to have some authoritarian and undisciplined tendencies. Ethiopia is also ranked "not free" by Freedom House.

Gross National Income per capita 2010	$380
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	174
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	111
Population living under $2/day	42,553,420
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	72.51
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	57.42
FDI, net inflows (BoP, current USD millions, 2007-11))	$184.00
Military Expenditure (% of GDP)	1.12

Gabon

FY11 actual: $448,000
FY12 estimated: $200,000
FY13 requested: $170,000

Even though Gabon is ranked "not free" by Freedom House, its military is reasonably professional and the country instituted some overdue reforms to deal with corruption. The jury is out on whether the reforms have forward momentum.

Gross National Income per capita 2010	$7,760
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	106
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	156
Population living under $2/day	196,040
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	64.45
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	79.90
FDI, net inflows (BoP, current USD millions, 2007-11))	$170.39
Military Expenditure (% of GDP)	0.95

Guinea

FY11 actual: $548,000
FY12 estimated: $100,000
FY13 requested: $400,000

Guinea recently took some welcome steps forward in dealing with perpetrators of violence against democracy protesters. The country's transition remains fragile and uncertain.

Gross National Income per capita 2010	$380
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	178
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	164
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	179
Population living under $2/day	6,561,984
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	97.16
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	88.52
FDI, net inflows (BoP, current USD millions, 2007-11))	$101.35
Military Expenditure (% of GDP)	N/A

Mauritania

FY11 actual: $384,000
FY12 estimated: $350,000
FY13 requested: $150,000

Mauritania and the United States have cooperated on a range of antiterror and other issues, but the country continues to be ranked "not free" by Freedom House and there are a range of issues concerning its governance.

Gross National Income per capita 2010	$1,060
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	159
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	159
Population living under $2/day	1,572,780
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	77.73
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	82.78
FDI, net inflows (BoP, current USD millions, 2007-11))	$13.63
Military Expenditure (% of GDP)	N/A

Mozambique

FY11 actual: $2,902,000
FY12 estimated: $2,885,000
FY13 requested: $2,395,000

The United States is the largest bilateral donor to Mozambique, and relations between both countries are generally on solid footing. On the security side, China has also become a more active donor to the Armed Forces for the Defense of Mozambique. Mozambique has contributed to international peacekeeping and has taken part in a number of regional military exercises. That said, the country has tremendous work to do on corruption and the rule of law, and our continued assistance should be contingent on progress in these areas.

Gross National Income per capita 2010	$440
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	184
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	139
Population living under $2/day	18,254,775
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	63.03
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	61.24
FDI, net inflows (BoP, current USD millions, 2007-11))	$788.85
Military Expenditure (% of GDP)	N/A

Niger

FY11 actual: $66,000
FY12 estimated: $0
FY13 requested: $115,000

The United States stopped all nonhumanitarian funding to Niger in 2009 as a result of its eroding democracy, though aid levels crept back up as it made progress toward restoring democracy. The funding level is relatively small but warranted in this case in that it may serve as an impetus for further reform.

Gross National Income per capita 2010	$360
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	186
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	173
Population living under $2/day	10,866,400
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	66.82
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	72.25
FDI, net inflows (BoP, current USD millions, 2007-11))	$946.87
Military Expenditure (% of GDP)	0.85

Rwanda

FY11 actual: $859,000
FY12 estimated: $700,000
FY13 requested: $700,000

As noted previously, Rwanda is a difficult call. It has a very professional military in many respects, but the government has combined a record of economic reform and innovation with a consistent undercurrent of repression and intimidation. Rwanda is ranked "not free" by Freedom House, and both economic and security assistance should make clear that political liberalization must eventually accompany economic liberalization.

Gross National Income per capita 2010	$540
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	166
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	49
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	45
Population living under $2/day	8,474,000
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	54.03
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	45.93
FDI, net inflows (BoP, current USD millions, 2007-11))	$42.33
Military Expenditure (% of GDP)	1.37

Sierra Leone

FY11 actual: $394,000
FY12 estimated: $375,000
FY13 requested: $350,000

Sierra Leone faces persistent challenges as it tries to emerge from a bloody civil war, making this training and assistance well-warranted especially given the international community's enormous investment in reconstruction and peacekeeping over the last decade.

Gross National Income per capita 2010	$340
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	180
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	141
Population living under $2/day	3,888,291
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	81.99
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	89.00
FDI, net inflows (BoP, current USD millions, 2007-11))	$86.59
Military Expenditure (% of GDP)	N/A

Somalia

FY11 actual: $77,300,000
FY12 estimated: $146,818,000
FY13 requested: $54,600,000

Most of this funding is directed toward peacekeeping operations rather than the notably corrupt Transitional Federal Government, whose record is abysmal on virtually every front. Yet U.S. policymakers seem intent on looking past the TFG's multiple failings as Somalia continues to battle the extremists of al-Shabaab. But unless security assistance is predicated on far-improved performance from the TFG, even the defeat of al-Shabaab will not bring lasting stability to the country.

Gross National Income per capita 2010	N/A
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	182
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	100.00
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	100.00
FDI, net inflows (BoP, current USD millions, 2007-11))	$112.00
Military Expenditure (% of GDP)	N/A

Graduation in one to five years countries

The following African countries are well-positioned to graduate from U.S. security assistance in the near to midterm based on need and capacity. In many cases these countries are sufficiently wealthy to cover many of the security costs currently funded with U.S. assistance. Many of these countries receive small amounts of International Military and Education Training funding for training military officers at U.S. facilities. IMET is also often extended to countries to entitle them to reduced military training expenses. As we discuss elsewhere, IMET should not be given for this purpose and the law that ties IMET status to better prices needs to be changed.

Mauritius

FY11 actual: $155,000
FY12 estimated: $120,000
FY13 requested: $90,000

This token program is not a high priority in a country with only 1.2 million people.

Gross National Income per capita 2010	$7,740
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	77
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	46
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	23
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	25.12
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	24.40
FDI, net inflows (BoP, current USD millions, 2007-11))	$431.05
Military Expenditure (% of GDP)	N/A

Namibia

FY11 actual: $204,000
FY12 estimated: $125,000
FY13 requested: $100,000

This small program is well-poised for graduation. The country enjoys a healthy per capita income and is well-poised to benefit from expanded regional trade. The Namibian military is fairly small and consumes a relatively modest portion of national budgets. The military has participated in U.N. peacekeeping efforts, including in Liberia.

Gross National Income per capita 2010	$4,650
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	120
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	57
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	78
Population living under $2/day	943,360
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	38.39
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	40.67
FDI, net inflows (BoP, current USD millions, 2007-11))	$857.64
Military Expenditure (% of GDP)	3.26

Small or peripheral-interest country programs

The following countries in Africa have small security assistance programs. While countries in this category would not produce major savings, they are also unlikely to produce major results, and so deserve careful consideration if overall spending levels are being curtailed. Appearance on this list is not commentary on the country's general willingness to reform or to work as a partner in the security arena.

Cape Verde

FY11 actual: $123,000
FY12 estimated: $120,000
FY13 requested: $100,000

Cape Verde is slightly larger than Rhode Island with a population of about half a million people. These funds could be better applied to a more pressing strategic concern.

Gross National Income per capita 2010	$3,160
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	133
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	41
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	119
Population living under $2/day	128,772
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	36.02
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	46.41
FDI, net inflows (BoP, current USD millions, 2007-11))	$111.44
Military Expenditure (% of GDP)	0.52

Central African Republic

FY11 actual: $0
FY12 estimated: $115,000
FY13 requested: $100,000

Unless the $100,000 slated in security assistance for the Central African Republic is directly related to the pursuit of the Lord's Resistance Army, there is no reason for such a small amount of funds to be continued. There are other areas for engagement, particularly since that small amount of money would have little impact on its own. Even if it is to assist with the tactical goal of pursuing the LRA, this security assistance will likely not produce lasting change beyond that goal.

Gross National Income per capita 2010	$460
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	179
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	182
Population living under $2/day	3,394,968
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	93.36
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	94.74
FDI, net inflows (BoP, current USD millions, 2007-11))	$72.04
Military Expenditure (% of GDP)	2.56

Comoros

FY11 actual: $125,000
FY12 estimated: $100,000
FY13 requested: $90,000

The United States has no comparative advantage in the Comoros given the country's strong military relationship with the French. There are other areas for engagement, particularly since that small amount of money would have little impact on its own.

Gross National Income per capita 2010	$820
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	163
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	157
Population living under $2/day	465,010
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	86.26
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	99.04
FDI, net inflows (BoP, current USD millions, 2007-11))	$9.39
Military Expenditure (% of GDP)	N/A

The Gambia

FY11 actual: $120,000
FY12 estimated: $100,000
FY13 requested: $90,000

Military assistance to The Gambia has been growing again after it was discontinued following a 1994 coup. The Gambian military does engage with a number of international peacekeeping missions, but this assistance should be phased out given the numerous political and human rights shortcomings of the current government.

Gross National Income per capita 2010	$440
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	168
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	77
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	149
Population living under $2/day	889,372
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	63.98
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	70.33
FDI, net inflows (BoP, current USD millions, 2007-11))	$37.37
Military Expenditure (% of GDP)	N/A

Lesotho

FY11 actual: $186,000
FY12 estimated: $100,000
FY13 requested: $90,000

IMET assistance to Lesotho is of highly limited strategic importance with South Africa essentially guaranteeing its external security. The U.S. focus in Lesotho should remain on health issues.

Gross National Income per capita 2010	$1,080
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	160
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	77
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	143
Population living under $2/day	1,191,948
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	53.55
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	57.89
FDI, net inflows (BoP, current USD millions, 2007-11))	$117.05
Military Expenditure (% of GDP)	N/A

Malawi

FY11 actual: $400,000
FY12 estimated: $285,000
FY13 requested: $270,000

The International Monetary Fund, the United States, and the United Kingdom have all suspended economic aid packages because of disputes over the government's handling of the economy and a sometimes-violent crackdown on human rights groups. This small program does not make sense given the current state of Malawi's governance.

Gross National Income per capita 2010	$330
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	171
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	145
Population living under $2/day	12,253,146
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	49.29
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	58.85
FDI, net inflows (BoP, current USD millions, 2007-11))	$140.00
Military Expenditure (% of GDP)	N/A

Sao Tome and Principe

FY11 actual: $180,000
FY12 estimated: $100,000
FY13 requested: $100,000

Despite Sao Tome's good standing with the United States, it is about the size of metropolitan Indianapolis with a population of 167,000. It does not strike us as an important strategic priority.

Gross National Income per capita 2010	$1,200
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	144
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	163
Population living under $2/day	69,936
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	70.14
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	71.29
FDI, net inflows (BoP, current USD millions, 2007-11))	$3.00
Military Expenditure (% of GDP)	N/A

Seychelles

FY11 actual: $94,000
FY12 estimated: $100,000
FY13 requested: $90,000

Seychelles is estimated to have one of the smallest populations of any African state at around 90,000 people. Given its size, Seychelles is not a strategic priority in a constrained budget environment.

Gross National Income per capita 2010	$9,490
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	52
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	50
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	103
Population living under $2/day	2,241
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	44.08
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	37.80
FDI, net inflows (BoP, current USD millions, 2007-11))	$368.94
Military Expenditure (% of GDP)	0.77

Togo

FY11 actual: $286,000
FY12 estimated: $140,000
FY13 requested: $120,000

Togo and the United States enjoy good relations, but again, this is a country that does not strike us as a strategic priority given its relatively small size and regional influence.

Gross National Income per capita 2010	$440
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	162
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	162
Population living under $2/day	3,996,292
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	81.04
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	94.26
FDI, net inflows (BoP, current USD millions, 2007-11))	$41.06
Military Expenditure (% of GDP)	N/A

Poor performance countries

The following countries in Africa do not strike us as good partners based on available evidence, often because of the host country's treatment of its own citizens. While some will argue that continued security aid to these countries is merited due to strategic considerations, such aid may in some cases reinforce the power of entrenched elites and slow broader progress toward these societies becoming freer and more developed. It is vital that security assistance be considered within the broad institutional performance of a recipient country as a whole.

Angola

FY11 actual: $7,918,000
FY12 estimated: $7,865,000
FY13 requested: $6,280,000

The U.S. government pledged almost $8 million in FY 2012 for security assistance to Angola despite the State Department's own admission in its annual human rights report that: "Corruption and impunity remained serious problems in Angola."[6] In general, unlawful killings by police and military forces continue to be a problem. This funding should be cut. In addition, Angola is ranked "not free" by Freedom House.

Gross National Income per capita 2010	$3,960
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	148
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	168
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	172
Population living under $2/day	12,922,052
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	91.00
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	87.56
FDI, net inflows (BoP, current USD millions, 2007-11))	-$3,227.21
Military Expenditure (% of GDP)	4.39

Cameroon

FY11 actual: $285,000
FY12 estimated: $270,000
FY13 requested: $250,000

Also ranked "not free" by Freedom House, Cameroon continues to struggle with high levels of corruption and government abuses. This does not seem like the best investment of U.S. tax dollars.

Gross National Income per capita 2010	$1,160
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	150
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	161
Population living under $2/day	5,626,124
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	84.83
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	81.34
FDI, net inflows (BoP, current USD millions, 2007-11))	-$0.55
Military Expenditure (% of GDP)	1.57

Chad

FY11 actual: $790,000
FY12 estimated: $540,000
FY13 requested: $300,000

All Foreign Military Financing and IMET assistance should be withheld until significant changes come to the country. Based on the State Department's own 2010 findings, "extrajudicial killings, including politically motivated killings; criminal kidnappings of children for ransom; torture, beatings, and rape by security forces" remain regular occurrences. Further, the same report notes that police are corrupt and involved in banditry, arms proliferation, and extortion.[3] Security force impunity is widespread and the country is ranked "not free" by Freedom House.

Gross National Income per capita 2010	$600
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	183
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	168
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	183
Population living under $2/day	7,557,240
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	96.21
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	95.69
FDI, net inflows (BoP, current USD millions, 2007-11))	$781.37
Military Expenditure (% of GDP)	2.98

Guinea-Bissau

FY11 actual: $10,000
FY12 estimated: $65,000
FY13 requested: $250,000

The amount of assistance dedicated to Guinea-Bissau is negligible and the program will not make any difference on its own, especially given the 2010 coup attempt and the suspension of related funds. The European Union halted security assistance to Guinea-Bissau given the military's clear disregard for the constitution and rule of law, and the United States should do the same.

Gross National Income per capita 2010	$540
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	176
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	176
Population living under $2/day	1,120,125
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	94.31
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	86.60
FDI, net inflows (BoP, current USD millions, 2007-11))	$8.85
Military Expenditure (% of GDP)	N/A

Republic of Congo

FY11 actual: $123,000
FY12 estimated: $110,000
FY13 requested: $90,000

Congo is not reform-minded enough for us to justify spending scarce security assistance dollars to maintain our relationship.

Gross National Income per capita 2010	$2,310
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	137
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	181
Population living under $2/day	2,834,304
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	87.68
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	91.39
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,939.30
Military Expenditure (% of GDP)	1.11

Sudan

FY11 actual: $3,100,000
FY12 estimated: $1,100,000
FY13 requested: $3,000,000

We should cease our security assistance to a country ruled by a wanted genocide suspect.

Gross National Income per capita 2010	$1,270
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	169
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	177
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	135
Population living under $2/day	18,622,432
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	93.84
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	93.30
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,894.38
Military Expenditure (% of GDP)	N/A

Swaziland

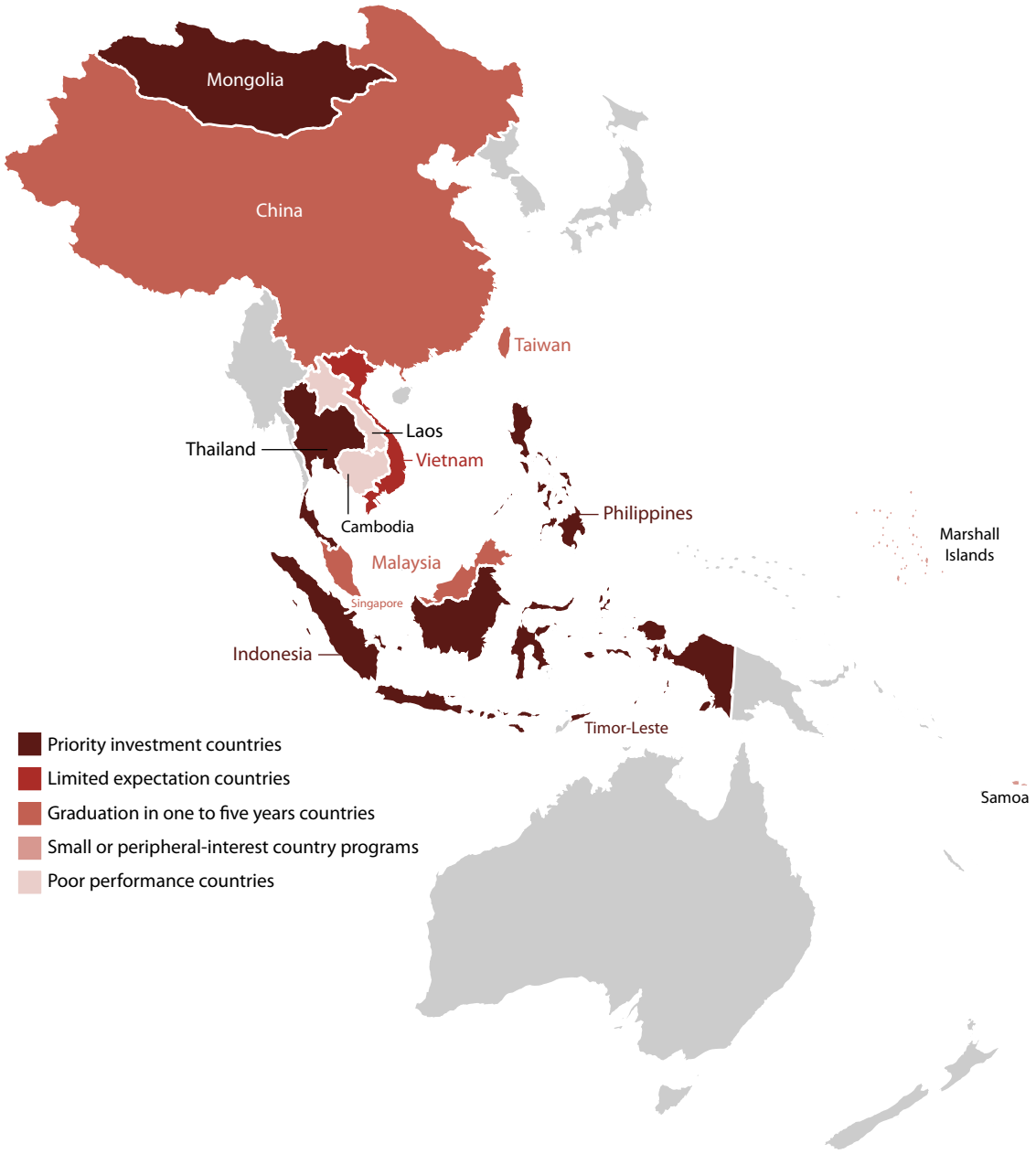
FY11 actual: $199,000
FY12 estimated: $100,000
FY13 requested: $90,000

Security assistance to Swaziland is indefensible given the state's autocracy.

Gross National Income per capita 2010	$2,600
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	140
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	95
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	124
Population living under $2/day	765,440
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	62.09
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	63.64
FDI, net inflows (BoP, current USD millions, 2007-11))	$92.72
Military Expenditure (% of GDP)	3.35

FOCUSING SECURITY ASSISTANCE BY REGION:

East Asia and the Pacific



Focusing security assistance by region: East Asia and the Pacific

With the renewed U.S. focus on the Pacific, we identify five countries as priority investments, including Thailand and the Philippines. Others, like Cambodia and Laos, should be scaled back and a number of very small programs, like the Marshall Islands and Samoa, need to be re-evaluated and closed.

Priority investment countries

The following countries in East Asia and the Pacific should be given the highest priority for security assistance based on our subjective but data-informed analysis, which takes into consideration their relative strategic importance, commitment to reform, capacity to achieve lasting stability, and need. Fundamental to our approach is an understanding that we need to approach security assistance within a broader framework of effective governance, and a belief that in times of limited resources, it is better to concentrate efforts where they are most likely to be effective and bring enduring returns. In a limited number of cases, we argue for priority investment based on immediate conflict prevention efforts or to ensure that a country that has enjoyed significant previous postconflict investments does not slide backward.

Indonesia

FY11 actual: $39,291,000
FY12 estimated: $34,000,000
FY13 requested: $31,276,000

Indonesia remains a key strategic partner in the region and should remain a priority investment. Indonesia and the United States cooperate on a range of counterterror and other issues. U.S. support for strengthened human rights training and norms within the Indonesian military continue to be important. Our security assistance has come under repeated congressional scrutiny during earlier periods for a failure to fully meet these norms.

Gross National Income per capita 2010	$2,580
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	124
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	129
Population living under $2/day	127,724,256
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	68.72
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	52.15
FDI, net inflows (BoP, current USD millions, 2007-11))	$13,303.65
Military Expenditure (% of GDP)	1.02

Mongolia

FY11 actual: $4,243,000
FY12 estimated: $4,125,000
FY13 requested: $4,000,000

Mongolia, though sparsely populated, has made important economic and political reforms, and its armed forces have participated in a growing number of international peacekeeping efforts. As on the economic assistance side, Mongolia should be able to graduate from security assistance in the next 5 to 10 years.

Gross National Income per capita 2010	$1,890
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	110
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	86
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	58.77
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	67.94
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,454.69
Military Expenditure (% of GDP)	0.88

Philippines

FY11 actual: $25,531,000
FY12 estimated: $28,380,000
FY13 requested: $26,750,000

One of the four initial countries selected for the Partnership for Growth program, the Philippines has long been an important strategic partner. The military-to-military relation improved when the United States discontinued its military bases in the country. The United States and Philippines engage in annual bilateral military exercises, and the United States has been supportive of the government's efforts to combat the Abu Sayyaf and Jemaah Islamiyah extremist groups. This IMET program is the largest in the Pacific and the third largest in the world.

Gross National Income per capita 2010	$2,050
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	112
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	129
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	136
Population living under $2/day	38,042,723
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	65.40
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	48.33
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,713.00
Military Expenditure (% of GDP)	0.81

Thailand

FY11 actual: $6,417,000
FY12 estimated: $5,503,000
FY13 requested: $4,889,000

Thailand experienced its share of political turbulence in recent years, but it continues to be an important strategic ally. Since the 1950s more Thai personnel have gone through IMET training than any other country in the world. Both countries engage in regular joint military exercises.

Gross National Income per capita 2010	$4,210
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	103
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	17
Population living under $2/day	3,386,192
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	50.24
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	41.63
FDI, net inflows (BoP, current USD millions, 2007-11))	$6,306.25
Military Expenditure (% of GDP)	1.52

Timor-Leste

FY11 actual: $957,000
FY12 estimated: $960,000
FY13 requested: $960,000

As Timor-Leste stabilizes after independence, further assistance is warranted to reform its security sector as an important companion effort to relief, reconstruction, and development efforts.

Gross National Income per capita 2010	$1,280
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	147
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	168
Population living under $2/day	762,264
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	89.57
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	89.95
FDI, net inflows (BoP, current USD millions, 2007-11))	$279.65
Military Expenditure (% of GDP)	2.84

Limited expectation countries

The following countries in East Asia and the Pacific will likely continue to receive significant security assistance largely based on short-term imperatives, but our analysis suggests there are a number of red flags with the performance of these governments.

Vietnam

FY11 actual: $4,456,000
FY12 estimated: $7,715,000
FY13 requested: $7,300,000

Normalization of relations was useful, but U.S. security assistance to Vietnam is rapidly approaching a period when it should be curtailed or even ended. On the plus side, the United States and Vietnam inaugurated annual political-military talks in 2008, and in August 2010 the U.S. Department of Defense and Vietnam's Ministry of Defense held their first round of annual high-level defense talks. Even so, Vietnam's disturbing human rights record and oppression of political dissent suggest this is a security relationship that might be on the downside, not the upside.

Gross National Income per capita 2010	$1,100
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	128
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	98
Population living under $2/day	36,882,496
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	61.14
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	55.98
FDI, net inflows (BoP, current USD millions, 2007-11))	$8,000.00
Military Expenditure (% of GDP)	2.24

Graduation in one to five years countries

The following countries in East Asia and the Pacific are well-positioned to graduate from U.S. security assistance in the near to midterm based on need and capacity. In many cases these countries are sufficiently wealthy and well-developed that they could simply purchase U.S. security expertise from appropriate contractors and partners.

China

FY11 actual: $800,000
FY12 estimated: $800,000
FY13 requested: $800,000

As noted in the economic assistance section, China is the world's second-largest economy, enjoys 9 percent economic growth, and holds a significant amount of U.S. debt. The U.S.-China relationship should be built on collaboration at this juncture, not assistance. Graduation should be immediate.

Gross National Income per capita 2010	$4,260
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	101
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	75
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	91
Population living under $2/day	394,351,282
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	55.45
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	40.19
FDI, net inflows (BoP, current USD millions, 2007-11))	$185,080.74
Military Expenditure (% of GDP)	2.01

Malaysia

FY11 actual: $2,256,000
FY12 estimated: $2,325,000
FY13 requested: $3,000,000

Malaysia is rapidly approaching the point where it is best positioned to procure the security assistance it requires rather than be granted such assistance.

Gross National Income per capita 2010	$7,900
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	61
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	60
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	18
Population living under $2/day	528,000
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	34.60
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	17.70
FDI, net inflows (BoP, current USD millions, 2007-11))	$9,509.27
Military Expenditure (% of GDP)	1.53

Singapore

FY11 actual: $250,000
FY12 estimated: $250,000
FY13 requested: $250,000

With a per capita income of $40,920, Singapore is ranked by the United Nations as the 26th-most-developed country in the world. It is well-positioned to purchase American security expertise where needed rather than receive bilateral assistance.

Gross National Income per capita 2010	$40,920
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	26
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	5
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	1
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	6.64
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	0.00
FDI, net inflows (BoP, current USD millions, 2007-11))	$38,638.12
Military Expenditure (% of GDP)	3.77

Small or peripheral-interest country programs

The following countries in East Asia and the Pacific currently have small security assistance programs. While countries in this category would not produce major savings, they are also unlikely to produce major results, and so deserve careful consideration if overall spending levels are being curtailed. Appearance on this list is not commentary on the country's general willingness to reform or to work as a partner in the security arena.

Marshall Islands

FY11 actual: $45,000
FY12 estimated: $55,000
FY13 requested: $50,000

The Marshall Islands are not highly strategic or a budget priority.

Gross National Income per capita 2010	$2,990
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	N/A
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	106
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	52.61
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	92.34
FDI, net inflows (BoP, current USD millions, 2007-11))	$8.66
Military Expenditure (% of GDP)	N/A

Samoa

FY11 actual: $113,000
FY12 estimated: $40,000
FY13 requested: $40,000

This funding is a good gesture but not necessary in the current budget climate.

Gross National Income per capita 2010	$2,930
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	99
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	69
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	60
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	32.70
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	46.89
FDI, net inflows (BoP, current USD millions, 2007-11))	$0.73
Military Expenditure (% of GDP)	N/A

Poor performance countries

The following countries in East Asia and the Pacific do not strike us as good partners based on available evidence, often because of the host country's treatment of its own citizens. While some will argue that continued security aid to these countries is merited due to strategic considerations, such aid may in some cases reinforce the power of entrenched elites and slow broader progress toward these societies becoming freer and more developed. It is vital that security assistance be considered within the broad institutional performance of a recipient country as a whole.

Cambodia

FY11 actual: $3,948,000
FY12 estimated: $5,200,000
FY13 requested: $3,960,000

The congressional ban on direct assistance to Cambodia was lifted in 2007, and normalizing relations has been an important step forward for both countries. But an objective analysis of the government's performance and commitment to reform suggests that Cambodia is not a great partner in which to be investing such significant security assistance. It is also ranked "not free" by Freedom House.

Gross National Income per capita 2010	$760
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	139
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	164
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	138
Population living under $2/day	7,357,768
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	87.20
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	77.51
FDI, net inflows (BoP, current USD millions, 2007-11))	$782.60
Military Expenditure (% of GDP)	N/A

Laos

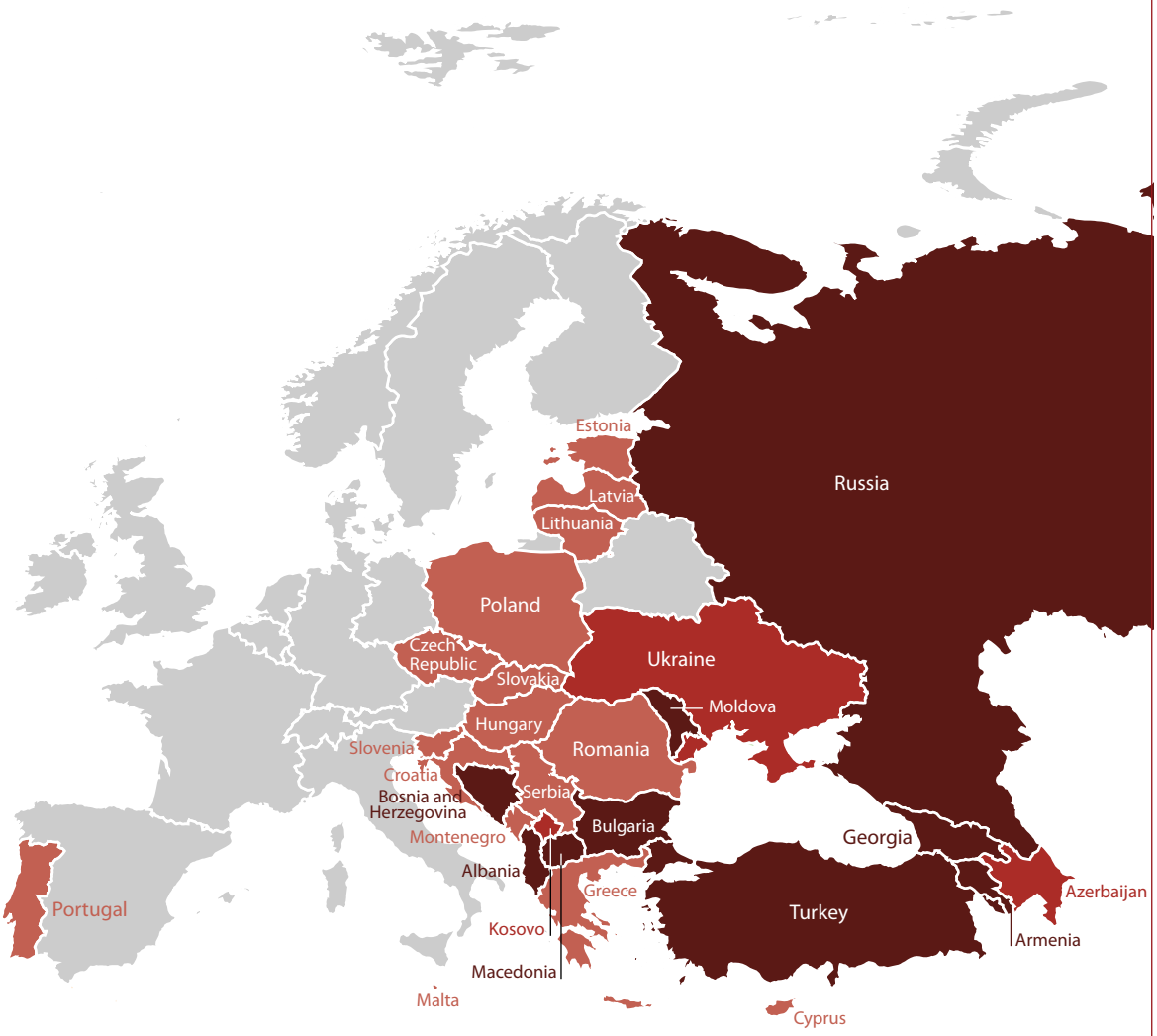
FY11 actual: $3,100,000
FY12 estimated: $6,200,000
FY13 requested: $6,200,000

Substantial security assistance to a single-party state runs counter to our values and may ultimately undermine more substantial reforms in the country. Laos is also ranked "not free" by Freedom House.

Gross National Income per capita 2010	$1,010
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	138
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	165
Population living under $2/day	3,971,394
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	78.67
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	83.25
FDI, net inflows (BoP, current USD millions, 2007-11))	$350.00
Military Expenditure (% of GDP)	N/A

FOCUSING SECURITY ASSISTANCE BY REGION:

Europe and Eurasia



Focusing security assistance by region: Europe and Eurasia

Countries in this region are of great strategic importance to the Unites States as security partners and as new and aspiring members of NATO. We recommend nine countries for priority investment. Equally, others are developed enough to no longer need the small sums the United States provides for military education and training courses. These would include 16 countries such as Greece, Poland, and Hungary.

Priority investment countries

The following countries in Europe and Eurasia should be given the highest priority for security assistance based on our subjective but data-informed analysis, which takes into consideration their relative strategic importance, commitment to reform, capacity to achieve lasting stability, and need. Fundamental to our method is an understanding that we need to approach security assistance within a broader framework of effective governance and a belief that in times of limited resources, it is better to concentrate efforts where they are most likely to be effective and bring enduring returns. In a limited number of cases, we argue for priority investment based on immediate conflict-prevention efforts or on ensuring a country that has enjoyed significant previous postconflict investments does not slide backward.

Albania

FY11 actual: $7,706,000
FY12 estimated: $6,650,000
FY13 requested: $10,850,000

Albania, though well positioned to graduate from economic assistance, would still benefit from U.S. security assistance as it professionalizes its forces as a new NATO member.

Gross National Income per capita 2010	$4,000
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	70
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	95
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	82
Population living under $2/day	134,832
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	59.24
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	54.55
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,109.56
Military Expenditure (% of GDP)	1.61

Armenia

FY11 actual: $4,293,000
FY12 estimated: $4,250,000
FY13 requested: $6,889,000

Democratic governance in Armenia is questionable, but the United States and Armenia remain partners on a broad range of fronts. The upcoming legislative and presidential elections will prove an important test case for the state of the relationship.

Gross National Income per capita 2010	$3,090
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	86
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	129
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	55
Population living under $2/day	382,228
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	60.19
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	50.24
FDI, net inflows (BoP, current USD millions, 2007-11))	$570.06
Military Expenditure (% of GDP)	4.50

Bosnia and Herzegovina

FY11 actual: $6,727,000
FY12 estimated: $10,750,000
FY13 requested: $16,985,000

Bosnia continues to face a number of important security reform challenges, and consolidating the peace process is an important step in creating a peaceful, democratic, and stable space in southeastern Europe.

Gross National Income per capita 2010	$4,790
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	74
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	91
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	125
Population living under $2/day	5,655
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	55.92
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	72.73
FDI, net inflows (BoP, current USD millions, 2007-11))	$231.54
Military Expenditure (% of GDP)	1.37

Bulgaria

FY11 actual: $11,259,000
FY12 estimated: $10,200,000
FY13 requested: $9,850,000

Bulgaria is another relatively new NATO member where U.S. economic assistance should be phased out. Nevertheless, a continued security assistance relationship will be useful in the short term.

Gross National Income per capita 2010	$6,240
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	55
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	86
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	59
Population living under $2/day	9,144
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	46.92
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	43.54
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,167.53
Military Expenditure (% of GDP)	1.43

Georgia

FY11 actual: $20,438,000
FY12 estimated: $18,325,000
FY13 requested: $22,040,000

There is broad bipartisan support for U.S. security assistance to Georgia, with Russian troops still occupying part of the country. Georgia's commitment to sweeping economic reforms has only reinforced this sentiment.

Gross National Income per capita 2010	$2,700
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	75
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	64
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	16
Population living under $2/day	1,409,484
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	51.18
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	35.89
FDI, net inflows (BoP, current USD millions, 2007-11))	$814.50
Military Expenditure (% of GDP)	3.90

Macedonia

FY11 actual: $5,553,000
FY12 estimated: $5,070,000
FY13 requested: $6,633,000

Macedonia is a solid diplomatic partner and another country where greater professionalization and modernization of the armed forces would help cement greater stability in the region.

Gross National Income per capita 2010	$4,520
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	78
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	69
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	22
Population living under $2/day	87,125
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	53.08
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	51.67
FDI, net inflows (BoP, current USD millions, 2007-11))	$295.76
Military Expenditure (% of GDP)	1.52

Moldova

FY11 actual: $2,795,000
FY12 estimated: $2,400,000
FY13 requested: $5,630,000

A Millennium Challenge Corporation country, Moldova has also struggled to find a resolution to its long-term crisis with the breakaway region of Transnistria. U.S. security assistance is a useful complement to civilian efforts to help shape further economic and political reforms in the country.

Gross National Income per capita 2010	$1,810
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	111
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	81
Population living under $2/day	246,330
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	57.35
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	68.90
FDI, net inflows (BoP, current USD millions, 2007-11))	$194.32
Military Expenditure (% of GDP)	0.32

Russia

FY11 actual: $1,000,000
FY12 estimated: $800,000
FY13 requested: $4,982,000

Security assistance to Russia largely concentrates on important nuclear threat-reduction issues of interest to both countries and should continue.

Gross National Income per capita 2010	$9,910
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	66
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	120
Population living under $2/day	113,560
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	73.93
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	58.37
FDI, net inflows (BoP, current USD millions, 2007-11))	$42,868.43
Military Expenditure (% of GDP)	3.96

Turkey

FY11 actual: $5,415,000
FY12 estimated: $4,900,000
FY13 requested: $4,450,000

Turkey remains a vital strategic partner at a time of numerous stability concerns around the Mediterranean.

Gross National Income per capita 2010	$9,500
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	92
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	61
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	71
Population living under $2/day	2,950,272
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	41.71
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	33.97
FDI, net inflows (BoP, current USD millions, 2007-11))	$9,278.00
Military Expenditure (% of GDP)	2.38

Limited expectation countries

The following countries in Europe and Eurasia will likely continue to receive significant security assistance largely based on short-term imperatives, but our analysis suggests there are a number of red flags raised by the performance of these governments.

Azerbaijan

FY11 actual: $5,152,000
FY12 estimated: $4,265,000
FY13 requested: $5,301,000

Azerbaijan's range of serious governance issues suggests that progress within the country will be limited even though it is strategically located and has large oil reserves. Azerbaijan is also ranked "not free" by Freedom House.

Gross National Income per capita 2010	$5,180
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	76
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	143
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	66
Population living under $2/day	245,280
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	78.20
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	77.99
FDI, net inflows (BoP, current USD millions, 2007-11))	$563.13
Military Expenditure (% of GDP)	2.90

Kosovo

FY11 actual: $6,428,000
FY12 estimated: $4,450,000
FY13 requested: $15,124,000

The United States has a considerable obligation to continue assisting Kosovo with security-sector reforms, given its role with NATO in the war that ultimately resulted in Kosovo's independence. The record to date, however, suggests that this will remain a challenging process.

Gross National Income per capita 2010	$3,300
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	117
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	69.19
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	67.46
FDI, net inflows (BoP, current USD millions, 2007-11))	$413.40
Military Expenditure (% of GDP)	N/A

Ukraine

FY11 actual: $13,607,000
FY12 estimated: $11,400,000
FY13 requested: $15,350,000

Flawed elections, deeply divisive domestic politics, and the use of selective prosecutions by the government against political opponents suggest that the path forward will remain turbulent in this strategically important nation.

Gross National Income per capita 2010	$3,010
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	76
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	152
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	152
Population living under $2/day	60,138
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	74.88
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	75.12
FDI, net inflows (BoP, current USD millions, 2007-11))	$6,495.00
Military Expenditure (% of GDP)	2.69

Blueprint recommended funding levels

FY13: $15,350,000
FY14: $15,350,000
FY15: $15,350,000
FY16: $15,350,000
FY17: $15,350,000
Five-year budget impact: $0

Graduation in one to five years countries

The following countries in Europe and Eurasia are well-positioned to graduate from U.S. security assistance in the near to mid term based on need and capacity. In many cases these countries are sufficiently wealthy and well-developed so that they could simply purchase U.S. security expertise from appropriate contractors and partners.

Croatia

FY11 actual: $4,899,000
FY12 estimated: $4,850,000
FY13 requested: $4,700,000

Croatia's per-capita income and development is rapidly pushing the country into a position to procure, rather than be granted, security assistance.

Gross National Income per capita 2010	$13,760
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	46
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	66
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	80
Population living under $2/day	3,987
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	39.34
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	29.67
FDI, net inflows (BoP, current USD millions, 2007-11))	$334.16
Military Expenditure (% of GDP)	1.69

Cyprus

FY11 actual: $500,000
FY12 estimated: $0
FY13 requested: $0

Highly developed, Cyprus is past the point of being a priority for U.S. security assistance, and we support the 2013 request for no funding.

Gross National Income per capita 2010	$30,460
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	31
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	30
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	40
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	13.74
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	9.57
FDI, net inflows (BoP, current USD millions, 2007-11))	$4,841.38
Military Expenditure (% of GDP)	2.15

Czech Republic

FY11 actual: $7,980,000
FY12 estimated: $6,900,000
FY13 requested: $6,800,000

The Czech Republic is another prosperous nation where it is time for our security relationship to evolve.

Gross National Income per capita 2010	$17,870
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	27
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	57
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	64
Population living under $2/day	14,588
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	19.91
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	19.14
FDI, net inflows (BoP, current USD millions, 2007-11))	$6,720.06
Military Expenditure (% of GDP)	1.33

Estonia

FY11 actual: $3,838,000
FY12 estimated: $3,525,000
FY13 requested: $3,500,000

Estonia is another prosperous nation where it is time for our security relationship to evolve.

Gross National Income per capita 2010	$14,360
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	34
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	29
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	24
Population living under $2/day	8,576
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	16.11
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	14.83
FDI, net inflows (BoP, current USD millions, 2007-11))	N/A
Military Expenditure (% of GDP)	1.72

Greece

FY11 actual: $98,000
FY12 estimated: $100,000
FY13 requested: $100,000

Despite its recent economic woes, Greece is far past the point of needing U.S. security assistance.

Gross National Income per capita 2010	$27,240
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	29
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	100
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	33.18
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	31.58
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,250.19
Military Expenditure (% of GDP)	3.11

Hungary

FY11 actual: $2,075,000
FY12 estimated: $1,850,000
FY13 requested: $1,800,000

The United States generally does not need to provide generous security assistance packages to NATO members, including Hungary.

Gross National Income per capita 2010	$12,990
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	38
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	54
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	51
Population living under $2/day	35,140
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	27.01
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	28.23
FDI, net inflows (BoP, current USD millions, 2007-11))	-$41,989.24
Military Expenditure (% of GDP)	1.05

Latvia

FY11 actual: $3,929,000
FY12 estimated: $3,400,000
FY13 requested: $3,400,000

Latvia is another prosperous nation where it is time for our security relationship to evolve.

Gross National Income per capita 2010	$11,620
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	43
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	61
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	21
Population living under $2/day	8,399
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	26.07
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	27.75
FDI, net inflows (BoP, current USD millions, 2007-11))	$369.00
Military Expenditure (% of GDP)	1.05

Lithuania

FY11 actual: $4,137,000
FY12 estimated: $3,675,000
FY13 requested: $3,650,000

Lithuania is another prosperous nation where it is time for our security relationship to evolve.

Gross National Income per capita 2010	$11,400
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	40
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	50
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	27
Population living under $2/day	14,784
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	27.96
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	25.84
FDI, net inflows (BoP, current USD millions, 2007-11))	N/A
Military Expenditure (% of GDP)	1.26

Malta

FY11 actual: $552,000
FY12 estimated: $150,000
FY13 requested: $150,000

Although a non-NATO member, Malta is in a position to pay for most of its security needs.

Gross National Income per capita 2010	$18,350
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	36
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	39
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	9.95
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	17.22
FDI, net inflows (BoP, current USD millions, 2007-11))	$998.62
Military Expenditure (% of GDP)	0.69

Montenegro

FY11 actual: $2,927,000
FY12 estimated: $3,200,000
FY13 requested: $4,926,000

Montenegro has reached graduation status in terms of both economic and security assistance.

Gross National Income per capita 2010	$6,690
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	54
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	66
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	56
Population living under $2/day	1,890
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	45.02
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	42.11
FDI, net inflows (BoP, current USD millions, 2007-11))	$760.44
Military Expenditure (% of GDP)	1.30

Poland

FY11 actual: $36,022,000
FY12 estimated: $26,265,000
FY13 requested: $22,000,000

Poland has made remarkable progress since the fall of the Berlin Wall. Our security relationship should be reconsidered, if not terminated.

Gross National Income per capita 2010	$12,420
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	39
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	41
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	62
Population living under $2/day	95,325
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	30.81
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	27.27
FDI, net inflows (BoP, current USD millions, 2007-11))	$9,056.00
Military Expenditure (% of GDP)	1.90

Portugal

FY11 actual: $93,000
FY12 estimated: $100,000
FY13 requested: $100,000

Security assistance to Portugal—given its position as a stable and highly developed country—cannot be considered a budget priority in this fiscal environment.

Gross National Income per capita 2010	$21,860
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	41
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	32
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	30
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	16.59
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	18.18
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,476.27
Military Expenditure (% of GDP)	2.20

Romania

FY11 actual: $14,724,000
FY12 estimated: $13,750,000
FY13 requested: $13,700,000

Romania is another instance where graduation within the next five years is both attainable and desirable.

Gross National Income per capita 2010	$7,840
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	50
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	75
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	72
Population living under $2/day	421,596
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	43.60
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	49.76
FDI, net inflows (BoP, current USD millions, 2007-11))	$3,453.00
Military Expenditure (% of GDP)	1.36

Serbia

FY11 actual: $3,939,000
FY12 estimated: $5,350,000
FY13 requested: $8,150,000

The United States has achieved a great deal with sustained security assistance to Europe over the years, including through a much-improved relationship with Serbia. It is time for these relationships to transition from assistance.

Gross National Income per capita 2010	$5,820
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	59
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	86
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	92
Population living under $2/day	47,775
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	56.87
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	48.80
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,340.24
Military Expenditure (% of GDP)	2.21

Slovakia

FY11 actual: $2,347,000
FY12 estimated: $1,900,000
FY13 requested: $1,900,000

Slovakia is another instance where graduation within the next five years is both attainable and desirable.

Gross National Income per capita 2010	$16,220
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	35
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	66
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	48
Population living under $2/day	9,197
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	33.65
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	22.97
FDI, net inflows (BoP, current USD millions, 2007-11))	$553.14
Military Expenditure (% of GDP)	1.11

Slovenia

FY11 actual: $1,460,000
FY12 estimated: $1,125,000
FY13 requested: $1,100,000

Slovenia is another instance where graduation within the next five years is both attainable and desirable.

Gross National Income per capita 2010	$23,860
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	21
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	35
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	37
Population living under $2/day	1,616
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	17.54
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	18.66
FDI, net inflows (BoP, current USD millions, 2007-11))	$366.16
Military Expenditure (% of GDP)	1.63

Small or peripheral-interest country programs

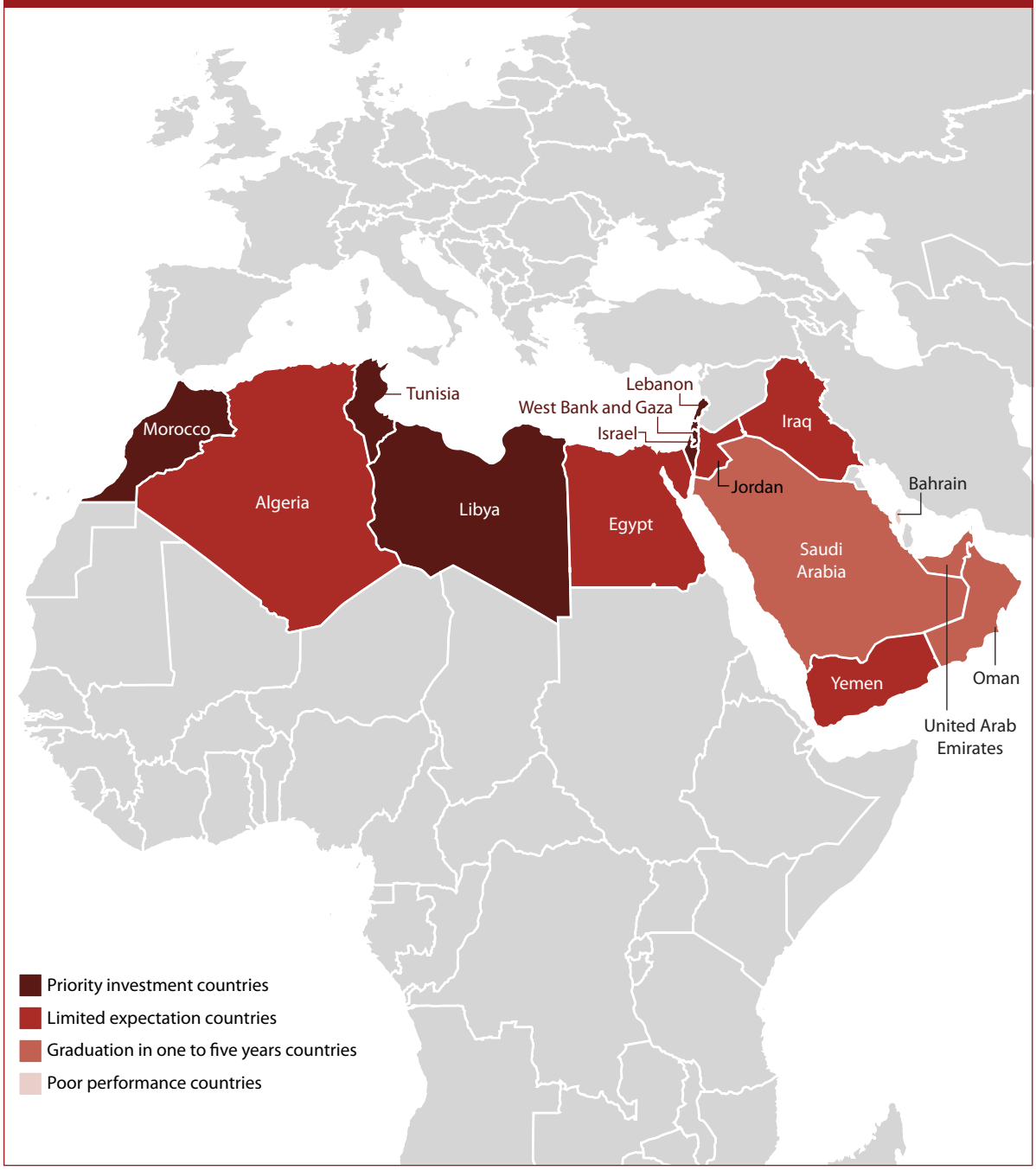
No countries in the Europe and Eurasia region currently fall in this category.

Poor performance countries

No countries in the Europe and Eurasia region currently fall in this category.

FOCUSING SECURITY ASSISTANCE BY REGION:

Near East



Focusing security assistance by region: Near East

The Near East region is a great challenge to U.S. foreign policy. Many of its countries such as Israel and the West Bank and Gaza are considered critical to U.S. strategic interests. At the same time, a number of countries will continue to receive assistance—even though questions surround its effectiveness—including Egypt, Jordan, and Yemen. Still others such as Oman, Saudi Arabia, and the United Arab Emirates no longer need U.S. assistance.

Priority investment countries

The following countries in the Near East should be given the highest priority for security assistance based on our subjective but data-informed analysis, which takes into consideration their relative strategic importance, commitment to reform, capacity to achieve lasting stability, and need. Fundamental to our method is an understanding that we need to approach security assistance within a broader framework of effective governance and a belief that in times of limited resources, it is better to concentrate efforts where they are most likely to be effective and bring enduring returns. In a limited number of cases we argue for priority investment based on immediate conflict prevention efforts or on ensuring that a country that has enjoyed significant previous postconflict investments does not slide backward.

Israel

FY11 actual: $2,994,000,000
FY12 estimated: $3,075,000,000
FY13 requested: $3,100,000,000

U.S. support for Israel enjoys strong bipartisan support and has been a cornerstone of U.S. policy in the region. But it is reasonable to ask if the billions of dollars in U.S. security aid to Israel should continue in perpetuity. We suggest a bipartisan presidential panel review the issue in 2013 and develop long-term recommendations.

Gross National Income per capita 2010	$27,340
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	17
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	36
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	34
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	23.70
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	13.40
FDI, net inflows (BoP, current USD millions, 2007-11))	$5,152.20
Military Expenditure (% of GDP)	6.46

Lebanon

FY11 actual: $101,626,000
FY12 estimated: $106,425,000
FY13 requested: $97,450,000

Lebanon continues to be a high strategic priority and has traditionally been one of the most contested political spaces in the region. It should continue to be a priority for security assistance.

Gross National Income per capita 2010	$9,020
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	71
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	104
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	69.67
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	56.94
FDI, net inflows (BoP, current USD millions, 2007-11))	$4,954.86
Military Expenditure (% of GDP)	4.19

Libya

FY11 actual: $0
FY12 estimated: $2,450,000
FY13 requested: $1,450,000

Libya is undergoing a precarious transition period and will need all the help it can get to professionalize its military, promote accountability, and build basic institutions. Dealing with former militia groups will be particularly important if the oil-rich country is to achieve more lasting stability.

Gross National Income per capita 2010	$12,020
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	64
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	168
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	82.46
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	90.43
FDI, net inflows (BoP, current USD millions, 2007-11))	$3,833.39
Military Expenditure (% of GDP)	N/A

Morocco

FY11 actual: $12,821,000
FY12 estimated: $14,605,000
FY13 requested: $12,930,000

U.S.-Moroccan relations are longstanding and positive. Morocco has been a stable, moderate country in a region where those traits are something of a commodity. Continued investments in security assistance are well-warranted.

Gross National Income per capita 2010	$2,850
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	130
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	94
Population living under $2/day	3,811,644
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	49.76
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	51.20
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,240.63
Military Expenditure (% of GDP)	3.48

Tunisia

FY11 actual: $20,749,000
FY12 estimated: $19,854,000
FY13 requested: $26,600,000

Tunisia, the birthplace of the Arab Spring and a country that navigated the transition fairly well, will obviously be a focus of continued U.S. assistance. U.S. security assistance will need to place particular emphasis on democratic norms and civilian control, given the backburner these issues have received throughout the long history of U.S.-Tunisian relations.

Gross National Income per capita 2010	$4,070
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	94
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	73
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	46
Population living under $2/day	573,315
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	40.76
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	36.84
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,400.87
Military Expenditure (% of GDP)	1.22

West Bank and Gaza

FY11 actual: $150,000,000
FY12 estimated: $100,000,000
FY13 requested: $70,000,000

Assistance to the West Bank and Gaza has often been controversial and something of a political football in the United States. But it is impossible to imagine a peaceful, long-term resolution to Israeli-Palestinian tensions without more professional and accountable security institutions in the West Bank and Gaza.

Gross National Income per capita 2010	N/A
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	N/A
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	N/A
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	131
Population living under $2/day	48,856
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	50.71
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	59.33
FDI, net inflows (BoP, current USD millions, 2007-11))	N/A
Military Expenditure (% of GDP)	N/A

Limited expectation countries

The following countries in the Near East will likely continue to receive significant security assistance largely based on short-term imperatives. But our analysis suggests there are a number of red flags raised by the performance of these governments.

Algeria

FY11 actual: $1,603,000
FY12 estimated: $2,125,000
FY13 requested: $2,950,000

After considerable foot-dragging, President Abdelaziz Bouteflika promised to push forward on political reforms after a steady undercurrent of political unrest. The government deserves credit for enacting new laws on elections, political parties, and the media. Spring elections for the National Assembly will be a key barometer. Algeria remains an import trade partner in the region, and U.S-Algerian military cooperation is on the rise. But if progress on reform stalls or reverses, this level of security assistance should be reduced.

Gross National Income per capita 2010	$4,460
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	96
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	148
Population living under $2/day	4,782,327
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	72.99
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	66.03
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,291.20
Military Expenditure (% of GDP)	3.56

Egypt

FY11 actual: $1,304,275,000
FY12 estimated: $1,306,500,000
FY13 requested: $1,313,274,000

The United States has made massive investments in the Egyptian military over the years, and many credit the strength of the bilateral military relationship as a key factor in the Egyptian military's relatively calm response to the democratic uprising. As noted in the economic assistance section, the U.S.-Egyptian relationship has now entered a turbulent period, and the military's role in political and economic life will continue to be a crucial issue—one for which there are no easy answers. We can only assert that the outcome of this very fluid situation should determine the types and levels of aid.

Gross National Income per capita 2010	$2,340
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	113
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	112
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	110
Population living under $2/day	12,061,280
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	48.34
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	59.81
FDI, net inflows (BoP, current USD millions, 2007-11))	$6,385.60
Military Expenditure (% of GDP)	2.00

Iraq

FY11 actual: $146,096,000
FY12 estimated: $1,383,945,000
FY13 requested: $1,782,347,000

The track record of security and economic assistance to Iraq remains poor, and billions of dollars have been expended with shoddy controls and poor overall design. That said, the U.S. military is disengaging from Iraq, and we anticipate this level of assistance can and should come down sharply in future budget requests. Iraq is also ranked "not free" by Freedom House.

Gross National Income per capita 2010	$2,320
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	132
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	175
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	164
Population living under $2/day	5,631,588
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	98.10
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	90.91
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,426.40
Military Expenditure (% of GDP)	5.97

Jordan

FY11 actual: $315,910,000
FY12 estimated: $315,950,000
FY13 requested: $310,600,000

Jordan is a strategic partner with the United States on regional security and stability, and even though it is ranked "not free" by Freedom House, it will remain in the top tier of security aid recipients. On the plus side, the United States and Jordan have very strong bilateral relations, and Jordan has been a part of regional problemsolving.

Gross National Income per capita 2010	$4,350
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	95
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	56
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	96
Population living under $2/day	121,590
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	38.86
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	42.58
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,701.41
Military Expenditure (% of GDP)	5.20

Yemen

FY11 actual: $27,304,000
FY12 estimated: $35,850,000
FY13 requested: $29,150,000

The United States will continue to push security assistance into Yemen, given the large number of extremist groups and the frail nature of the state. But such funding may ultimately prove insufficient for Yemen to reverse course.

Gross National Income per capita 2010	$1,060
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	154
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	164
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	99
Population living under $2/day	10,407,537
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	85.78
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	85.65
FDI, net inflows (BoP, current USD millions, 2007-11))	-$329.00
Military Expenditure (% of GDP)	N/A

Graduation in one to five years countries

The following countries in the Near East are well-positioned to graduate from U.S. security assistance in the near to mid term based on need and capacity. In many cases these countries are sufficiently wealthy and well-developed so that they could simply purchase U.S. security expertise from appropriate contractors and partners.

Oman

FY11 actual: $16,122,000
FY12 estimated: $11,150,000
FY13 requested: $11,050,000

Oman is ranked "not free" by Freedom House but is also a solidly middle-income country. With dwindling oil resources, the country has tried to diversify its economy, and it should be increasingly able to purchase needed security assistance rather than receive it as aid.

Gross National Income per capita 2010	$17,890
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	89
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	50
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	49
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	31.75
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	30.62
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,332.90
Military Expenditure (% of GDP)	N/A

Saudi Arabia

FY11 actual: $364,000
FY12 estimated: $0
FY13 requested: $10,000

Saudi Arabia will likely continue to be a key strategic partner for the United States primarily because of our mutual interest in maintaining a steady world energy supply. That said, there is little reason for the United States taxpayer to underwrite security assistance to a government that remains so inimical to our basic values. Saudi Arabia possesses enormous natural resources but a highly autocratic ruling monarchy that restricts basic liberties.

Gross National Income per capita 2010	$17,200
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	56
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	57
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	12
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	39.81
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	47.37
FDI, net inflows (BoP, current USD millions, 2007-11))	$21,560.17
Military Expenditure (% of GDP)	10.41

United Arab Emirates

FY11 actual: $230,000
FY12 estimated: $0
FY13 requested: $0

The State Department's 2011 Background Note on the U.A.E. observes that "[t]he country has no political parties, and the rulers hold power on the basis of their dynastic position and their legitimacy in a system of tribal consensus."[4] The U.A.E. remains one of the largest purchasers of U.S. defense equipment and has bought more than $14 billion in weapons and systems to date. The U.A.E. is also ranked "not free" by Freedom House. We support the zero dollar request for 2013.

Gross National Income per capita 2010	N/A
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	30
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	28
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	33
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	36.97
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	23.92
FDI, net inflows (BoP, current USD millions, 2007-11))	$3,948.30
Military Expenditure (% of GDP)	5.40

Small or peripheral-interest country programs

No countries in the Near East region currently fall in this category.

Poor performance countries

The following countries in the Near East do not strike us as good partners based on available evidence, often because of the host country's treatment of its own citizens. While some will argue that continued security aid to these countries is merited due to strategic considerations, such aid may in some cases reinforce the power of entrenched elites and slow broader progress of these societies becoming freer and more developed. It is vital that security assistance be considered within the broad institutional performance of a recipient country as a whole.

Bahrain

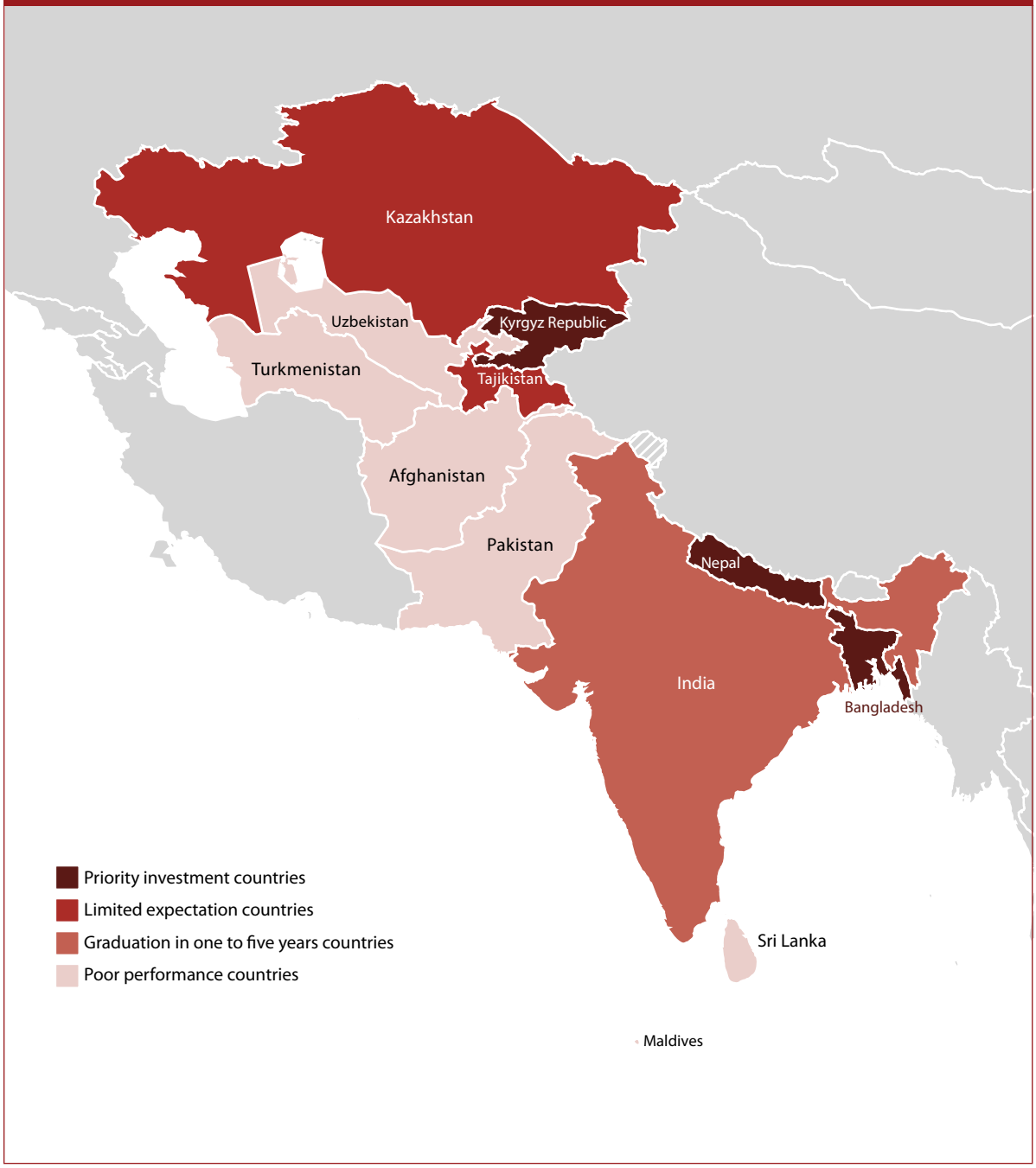
FY11 actual: $17,396,000
FY12 estimated: $11,200,000
FY13 requested: $11,175,000

While publicly supporting democratic upheaval across the Middle East, the United States has had precious little to say about countries in the region ruled by monarchies. The United States maintains key basing rights in Bahrain—rights that are all the more important given the escalating tensions with Iran—but there should be less security assistance until greater reforms are evident. The government's treatment of democracy protestors has been excessive, and it is ranked "not free" by Freedom House.

Gross National Income per capita 2010	$25,420
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	42
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	46
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	38
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	35.55
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	30.14
FDI, net inflows (BoP, current USD millions, 2007-11))	$155.77
Military Expenditure (% of GDP)	N/A

FOCUSING SECURITY ASSISTANCE BY REGION:

South and Central Asia



Focusing security assistance by region: South and Central Asia

This region—with both Afghanistan and Pakistan—presents a number of challenges to U.S. foreign policy. We identify three countries as priority investments—including Nepal and Bangladesh—but have limited expectations for Kazakhstan and Tajikistan. India should be able to graduate in the near term. We seriously doubt whether aid to Afghanistan and Pakistan will be effective even though we recognize a security relationship is important.

Priority investment countries

The following countries in South and Central Asia should be given the highest priority for security assistance based on our subjective but data-informed analysis, which takes into consideration their relative strategic importance, commitment to reform, capacity to achieve lasting stability, and need. Fundamental to our method is an understanding that we need to approach security assistance within a broader framework of effective governance and a belief that in times of limited resources, it is better to concentrate efforts where they are most likely to be effective and bring enduring returns. In a limited number of cases we argue for priority investment based on immediate conflict prevention efforts or on ensuring that a country that has enjoyed significant previous postconflict investments does not slide backward.

Bangladesh

FY11 actual: $6,876,000
FY12 estimated: $6,790,000
FY13 requested: $6,589,000

Bangladesh traditionally has a highly tumultuous and often very corrupt political environment, and those concerns have not disappeared. But India-Bangladesh relations have improved, and Bangladesh has made important efforts to deal with homegrown extremist groups. It remains the second-largest contributor of troops to international peacekeeping missions in the world, and its relations with the United States are good.

Gross National Income per capita 2010	$640
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	146
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	122
Population living under $2/day	114,070,868
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	73.46
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	78.47
FDI, net inflows (BoP, current USD millions, 2007-11))	$967.65
Military Expenditure (% of GDP)	1.23

Kyrgyz Republic

FY11 actual: $3,866,000
FY12 estimated: $3,750,000
FY13 requested: $9,906,000

After a series of ethnic clashes in 2010, the situation in Kyrgyzstan has significantly calmed, and it has moved further and more rapidly toward democracy than most of the Central Asian states. U.S.-Kyrgyz relations are also good.

Gross National Income per capita 2010	$880
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	126
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	164
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	70
Population living under $2/day	1,094,016
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	92.42
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	69.38
FDI, net inflows (BoP, current USD millions, 2007-11))	$437.59
Military Expenditure (% of GDP)	N/A

Nepal

FY11 actual: $6,508,000
FY12 estimated: $6,604,000
FY13 requested: $5,900,000

Accelerated progress on security sector reform is essential if Nepal's peace process is to produce lasting stability. Nepal needs to develop a significantly smaller, better-trained, and better-compensated force, while effectively implementing the agreement with the Maoists that would demobilize some of their fighters and move them into noncombat security roles. U.S. assistance should be conditioned upon further progress in security sector reform by all parties and should emphasize the notion of civilian control of the military. Nepal is also an important contributor to U.S. peacekeeping operations.

Gross National Income per capita 2010	$490
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	157
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	107
Population living under $2/day	18,771,263
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	83.89
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	74.64
FDI, net inflows (BoP, current USD millions, 2007-11))	$87.85
Military Expenditure (% of GDP)	1.54

Limited expectation countries

The following countries in South and Central Asia will likely continue to receive significant security assistance largely based on short-term imperatives. But our analysis suggests there are a number of red flags raised by the performance of these governments.

Kazakhstan

FY11 actual: $5,171,000
FY12 estimated: $4,285,000
FY13 requested: $5,508,000

Ranked "not free" by Freedom House, Kazakhstan has been slow to embrace political liberalization. This level of funding should be revisited going forward, even though the country has played an admirable role in nuclear threat reduction, and the United States maintains strategic interests in the country's considerable oil and gas reserves.

Gross National Income per capita 2010	$7,440
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	68
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	47
Population living under $2/day	137,896
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	68.25
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	55.50
FDI, net inflows (BoP, current USD millions, 2007-11))	$9,961.01
Military Expenditure (% of GDP)	0.89

Tajikistan

FY11 actual: $2,944,000
FY12 estimated: $3,020,000
FY13 requested: $10,780,000

Tajikistan is another Central Asian country ranked "not free" by Freedom House. Corruption is high, and political power is largely consolidated in a few hands. Absent much broader political reforms, the United States should rethink this security assistance as it begins the military drawdown in Afghanistan.

Gross National Income per capita 2010	$780
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	127
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	152
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	147
Population living under $2/day	2,152,842
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	88.63
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	81.82
FDI, net inflows (BoP, current USD millions, 2007-11))	$15.79
Military Expenditure (% of GDP)	N/A

Graduation in one to five years countries

The following countries in South and Central Asia are well-positioned to graduate from U.S. security assistance in the near to mid term based on need and capacity. In many cases these countries are sufficiently wealthy and well-developed so that they could simply purchase U.S. security expertise from appropriate contractors and partners.

India

FY11 actual: $6,801,000
FY12 estimated: $6,530,000
FY13 requested: $6,310,000

As noted in the economic assistance section, India's economy continues to grow at 10 percent annually, and the country is a military and economic powerhouse in Asia. U.S. security assistance—almost all of which is focused on counterterrorism activities—could be purchased rather than granted, even though India's development remains highly uneven, and the country faces numerous security challenges. The relationship should increasingly transition to partnership rather than aid.

Gross National Income per capita 2010	$1,340
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	134
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	95
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	132
Population living under $2/day	862,063,554
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	45.50
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	44.98
FDI, net inflows (BoP, current USD millions, 2007-11))	$24,159.18
Military Expenditure (% of GDP)	2.40

Small or peripheral-interest country programs

No countries in the South and Central Asia region currently fall in this category.

Poor performance countries

The following countries in South and Central Asia do not strike us as good partners based on available evidence, often because of the host country's treatment of its own citizens. While some will argue that continued security aid to these countries is merited due to strategic considerations, such aid may in some cases reinforce the power of entrenched elites and slow broader progress of these societies becoming freer and more developed. It is vital that security assistance be considered within the broad institutional performance of a recipient country as a whole.

Afghanistan

FY11 actual: $470,855,000
FY12 estimated: $390,700,000
FY13 requested: $655,750,000

Afghanistan will continue to receive significant but declining security assistance from the U.S. government. Its relative failure to improve governance, however, suggests that the ultimate returns on these investments are highly tenuous, and this funding should be reduced given the continuing lack of broader reforms by President Hamid Karzai.

Gross National Income per capita 2010	$330
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	172
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	180
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	160
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	99.53
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	95.22
FDI, net inflows (BoP, current USD millions, 2007-11))	$75.65
Military Expenditure (% of GDP)	N/A

Maldives

FY11 actual: $179,000
FY12 estimated: $590,000
FY13 requested: $1,026,000

This assistance should be terminated in light of the recent military coup.

Gross National Income per capita 2010	$4,270
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	109
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	79
Population living under $2/day	20,863
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	54.50
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	53.59
FDI, net inflows (BoP, current USD millions, 2007-11))	$163.82
Military Expenditure (% of GDP)	N/A

Pakistan

FY11 actual: $735,781,000
FY12 estimated: $1,237,208,000
FY13 requested: $1,299,346,000

Pakistan has received enormous amounts of U.S. security assistance since September 11, and the returns have been consistently unimpressive. U.S.-Pakistani relations continue to fray, and unfortunately, the pattern of U.S. security assistance to Pakistan has only reinforced rather than reduced the military's central role in the state. Although Pakistan should be treated differently than most poor performing countries because of its strategic importance, we are overinvested in the country given its track record.

Gross National Income per capita 2010	$1,050
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	145
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	105
Population living under $2/day	100,715,160
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	74.41
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	74.16
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,016.00
Military Expenditure (% of GDP)	3.24

Sri Lanka

FY11 actual: $2,400,000
FY12 estimated: $6,055,000
FY13 requested: $5,620,000

This is a high level of assistance, given the numerous outstanding issues on impunity of the military from the waning days of the civil war with the Tamil Tigers.

Gross National Income per capita 2010	$2,290
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	97
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	86
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	89
Population living under $2/day	5,404,080
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	47.39
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	50.72
FDI, net inflows (BoP, current USD millions, 2007-11))	$478.21
Military Expenditure (% of GDP)	2.78

Turkmenistan

FY11 actual: $2,113,000
FY12 estimated: $1,885,000
FY13 requested: $2,085,000

Turkmenistan is included in Freedom House's list of the nine most repressive countries on the planet. U.S. security assistance should be terminated, not increased.

Gross National Income per capita 2010	$3,700
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	102
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	177
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	73,308
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	95.73
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	96.65
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,083.00
Military Expenditure (% of GDP)	N/A

Uzbekistan

FY11 actual: $889,000
FY12 estimated: $2,400,000
FY13 requested: $3,083,000

Uzbekistan remains highly repressive and this funding level should be reduced.

Gross National Income per capita 2010	$1,280
Freedom status 2011	Not Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	115
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	177
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	166
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	95.26
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	76.08
FDI, net inflows (BoP, current USD millions, 2007-11))	$822.00
Military Expenditure (% of GDP)	N/A

FOCUSING SECURITY ASSISTANCE BY REGION:

Western Hemisphere

Focusing security assistance by region: Western Hemisphere

Drug trafficking, violent gang activity, and armed guerrilla movements in some countries continue to dominate security concerns in Latin America. Those nations we recommend for priority investments such as Colombia, Mexico, and some countries in Central America are on the front lines of issues that are important to U.S. security. Others—Argentina, Chile, Brazil, and Uruguay—are now capable of addressing more security responsibilities on their own.

Priority investment countries

The following countries in the Western Hemisphere should be given the highest priority for security assistance based on our subjective but data-informed analysis, which takes into consideration their relative strategic importance, commitment to reform, capacity to achieve lasting stability, and need. Fundamental to our method is an understanding that we need to approach security assistance within a broader framework of effective governance and a belief that in times of limited resources, it is better to concentrate efforts where they are most likely to be effective and bring enduring returns. In a limited number of cases we argue for priority investment based on immediate conflict prevention efforts or on ensuring that a country that has enjoyed significant previous postconflict investments does not slide backward.

Colombia

FY11 actual: $258,349,000
FY12 estimated: $204,015,000
FY13 requested: $176,825,000

The United States has given enormous amounts of security assistance to Colombia over the years, and the efficacy of this assistance is hotly debated. Colombia faces the double challenge of a well-entrenched drug business and a longstanding guerrilla force. Still, it remains a stable U.S. ally in the region.

Gross National Income per capita 2010	$5,510
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	87
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	42
Population living under $2/day	9,398,088
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	54.98
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	39.23
FDI, net inflows (BoP, current USD millions, 2007-11))	$6,764.51
Military Expenditure (% of GDP)	3.72

Dominican Republic

FY11 actual: $600,000
FY12 estimated: $810,000
FY13 requested: $765,000

The Dominican Republic is an important ally, and its political system is generally free and fair. It remains an important partner in the hemisphere on narcotics trafficking in the Caribbean.

Gross National Income per capita 2010	$4,860
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	98
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	129
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	108
Population living under $2/day	1,070,328
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	75.36
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	68.42
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,625.80
Military Expenditure (% of GDP)	0.65

El Salvador

FY11 actual: $2,768,000
FY12 estimated: $2,300,000
FY13 requested: $2,800,000

One of the four initial countries selected for the U.S. government's Partnership for Growth program, El Salvador has many of the hallmarks of a good security and development partner. Providing security assistance alongside economic assistance to El Salvador makes strategic sense, given the challenges it faces from gang-related and narcotics-related violence.

Gross National Income per capita 2010	$3,360
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	105
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	112
Population living under $2/day	860,039
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	77.25
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	44.02
FDI, net inflows (BoP, current USD millions, 2007-11))	-$5.56
Military Expenditure (% of GDP)	0.64

Guatemala

FY11 actual: $4,683,000
FY12 estimated: $6,260,000
FY13 requested: $3,470,000

Guatemala has considerable need and reasonable institutional capacity. Continued security assistance is useful as the country downsizes its military and seeks to further professionalize the force. The United States also played an important role helping support the country's peace accord.

Gross National Income per capita 2010	$2,740
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	131
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	97
Population living under $2/day	3,538,865
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	84.36
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	71.77
FDI, net inflows (BoP, current USD millions, 2007-11))	$686.90
Military Expenditure (% of GDP)	0.41

Honduras

FY11 actual: $1,763,000
FY12 estimated: $1,700,000
FY13 requested: $3,650,000

A longtime U.S. partner in the region, Honduras needs to aggressively embrace reform and address corruption, but continued security assistance seems well-warranted for now.

Gross National Income per capita 2010	$1,880
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	121
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	129
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	128
Population living under $2/day	2,379,800
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	76.78
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	69.86
FDI, net inflows (BoP, current USD millions, 2007-11))	$797.39
Military Expenditure (% of GDP)	1.60

Mexico

FY11 actual: $131,690,000
FY12 estimated: $262,515,000
FY13 requested: $211,499,000

U.S. security assistance to Mexico, though not without problems, addresses a wide range of mutual security and strategic issues. Helping Mexico address drug trafficking, cross-border crimes, and gang activities is important to U.S. national interests.

Gross National Income per capita 2010	$9,330
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	57
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	53
Population living under $2/day	5,730,634
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	66.35
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	38.28
FDI, net inflows (BoP, current USD millions, 2007-11))	$18,679.27
Military Expenditure (% of GDP)	0.52

Panama

FY11 actual: $2,984,000
FY12 estimated: $2,750,000
FY13 requested: $3,655,000

As the country graduates from economic assistance, continued security assistance seems worthwhile, given the range of shared interests—including the mutual interest in the safe, secure, and dependable operation of the Panama Canal.

Gross National Income per capita 2010	$6,990
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	58
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	86
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	61
Population living under $2/day	538,439
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	48.82
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	39.71
FDI, net inflows (BoP, current USD millions, 2007-11))	$2,362.50
Military Expenditure (% of GDP)	N/A

Peru

FY11 actual: $37,619,000
FY12 estimated: $33,550,000
FY13 requested: $26,365,000

Peru is a priority country on the economic assistance side as well, and counternarcotics is a major concern in the bilateral relationship.

Gross National Income per capita 2010	$4,710
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	80
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	80
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	41
Population living under $2/day	4,209,234
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	67.77
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	52.63
FDI, net inflows (BoP, current USD millions, 2007-11))	$7,328.24
Military Expenditure (% of GDP)	1.37

Limited expectation countries

The following countries in the Western Hemisphere will likely continue to receive significant security assistance largely based on short-term imperatives, but our analysis suggests there are a number of red flags raised by the performance of these governments as a whole.

Bolivia

FY11 actual: $15,198,000
FY12 estimated: $7,730,000
FY13 requested: $5,200,000

U.S.-Bolivian relations have tensed considerably, peaking with the unjustified expulsion of U.S. Ambassador Phillip Goldberg in June 2008. But things have improved to a degree since then now that both governments are engaged in a dialogue to improve relations. Much of the U.S. strategic interest in Bolivia continues to be driven by counternarcotics concerns.

Gross National Income per capita 2010	$1,790
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	108
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	118
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	153
Population living under $2/day	2,394,418
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	86.73
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	60.77
FDI, net inflows (BoP, current USD millions, 2007-11))	$622.00
Military Expenditure (% of GDP)	1.64

Ecuador

FY11 actual: $5,399,000
FY12 estimated: $5,830,000
FY13 requested: $5,310,000

U.S. interests in Ecuador also continue to be driven by counternarcotics concerns, among other factors. But governance issues and a strained relationship with the United States suggest that security assistance may have a limited impact on Ecuador.

Gross National Income per capita 2010	$4,510
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	83
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	120
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	130
Population living under $2/day	1,830,612
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	88.15
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	70.81
FDI, net inflows (BoP, current USD millions, 2007-11))	$167.30
Military Expenditure (% of GDP)	3.78

Haiti

FY11 actual: $21,237,000
FY12 estimated: $19,640,000
FY13 requested: $19,320,000

The amount of security assistance to Haiti is small compared to how much economic assistance the United States provides. That said, assistance should be used to help professionalize its security forces and recover from the earthquake. Professionalizing Haiti's military has long been a daunting task.

Gross National Income per capita 2010	$650
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	158
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	175
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	174
Population living under $2/day	7,681,938
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	94.79
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	97.13
FDI, net inflows (BoP, current USD millions, 2007-11))	$150.00
Military Expenditure (% of GDP)	N/A

Jamaica

FY11 actual: $739,000
FY12 estimated: $700,000
FY13 requested: $398,000

Jamaica is another instance where security assistance is largely aimed at narcotics interdiction.

Gross National Income per capita 2010	$4,750
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	79
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	86
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	88
Population living under $2/day	118,360
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	62.56
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	37.32
FDI, net inflows (BoP, current USD millions, 2007-11))	$227.67
Military Expenditure (% of GDP)	0.75

Paraguay

FY11 actual: $1,306,000
FY12 estimated: $1,230,000
FY13 requested: $860,000

Paraguay and the United States cooperate on a range of issues, including counternarcotics, and the government has made some efforts to address corruption. Paraguay remains a useful partner.

Gross National Income per capita 2010	$2,940
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	107
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	154
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	102
Population living under $2/day	841,673
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	80.57
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	82.30
FDI, net inflows (BoP, current USD millions, 2007-11))	$426.70
Military Expenditure (% of GDP)	0.88

Graduation in one to five years countries

The following countries in the Western Hemisphere are well-positioned to graduate from U.S. security assistance in the near to mid term based on need and capacity. In many cases these countries are sufficiently wealthy and well-developed so that they could simply purchase U.S. security expertise from appropriate contractors and partners.

Argentina

FY11 actual: $897,000
FY12 estimated: $1,350,000
FY13 requested: $814,000

Argentina is well-positioned to underwrite its own security needs.

Gross National Income per capita 2010	$8,450
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	45
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	113
Population living under $2/day	1,337,364
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	67.30
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	53.11
FDI, net inflows (BoP, current USD millions, 2007-11))	$6,336.83
Military Expenditure (% of GDP)	0.90

The Bahamas

FY11 actual: $201,000
FY12 estimated: $190,000
FY13 requested: $180,000

It does not make sense for the U.S. taxpayer to be underwriting security assistance to the Bahamas, which has a robust per-capita income and a healthy tourist trade.

Gross National Income per capita 2010	N/A
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	53
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	21
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	85
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	31.28
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	21.53
FDI, net inflows (BoP, current USD millions, 2007-11))	$861.48
Military Expenditure (% of GDP)	N/A

Barbados and Eastern Caribbean

FY11 actual: $806,000
FY12 estimated: $800,000
FY13 requested: $800,000

In addition to Barbados, this includes the six independent countries of the Organization of Eastern Caribbean States: Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. With relatively high incomes and high institutional capacity, these countries are well-positioned to move beyond the need for assistance. (The data below are for Barbados.)

Gross National Income per capita 2010	N/A
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	47
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	16
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	N/A
Population living under $2/day	N/A
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	17.06
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	11.00
FDI, net inflows (BoP, current USD millions, 2007-11))	$80.00
Military Expenditure (% of GDP)	N/A

Brazil

FY11 actual: $2,031,000
FY12 estimated: $3,940,000
FY13 requested: $2,895,000

Brazil is a global power on the rise, and U.S.-Brazil security cooperation should be deepened in ways other than aid. Brazil should be able to graduate from receiving security assistance relatively soon.

Gross National Income per capita 2010	$9,390
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	84
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	73
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	126
Population living under $2/day	21,663,174
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	44.55
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	43.06
FDI, net inflows (BoP, current USD millions, 2007-11))	$48,437.73
Military Expenditure (% of GDP)	1.61

Chile

FY11 actual: $1,321,000
FY12 estimated: $1,155,000
FY13 requested: $1,080,000

Chile is well-developed and well-positioned to easily assume the burdens of security within five years. We should develop enhanced security cooperation outside of an aid relationship similar to that of our relationship with Brazil.

Gross National Income per capita 2010	$9,940
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	44
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	22
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	39
Population living under $2/day	450,240
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	12.32
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	16.27
FDI, net inflows (BoP, current USD millions, 2007-11))	$15,094.83
Military Expenditure (% of GDP)	3.25

Costa Rica

FY11 actual: $743,000
FY12 estimated: $690,000
FY13 requested: $1,752,000

Costa Rica is an important success story in the region, and security assistance could be phased out closer to the five-year mark. Although the country does not have a standing army, its Coast Guard has become increasingly capable in drug interdiction efforts, and most security assistance is oriented toward that goal. The 2013 request is more than double the 2012 level.

Gross National Income per capita 2010	$6,580
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	69
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	50
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	121
Population living under $2/day	225,548
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	35.07
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	35.41
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,465.63
Military Expenditure (% of GDP)	N/A

Uruguay

FY11 actual: $989,000
FY12 estimated: $465,000
FY13 requested: $450,000

Uruguay has trimmed the size of its military and is an important contributor to U.N. peacekeeping efforts. Bilateral relations are good, and the country's democratic credentials are solid.

Gross National Income per capita 2010	$10,590
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	48
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	25
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	90
Population living under $2/day	58,828
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	28.91
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	29.19
FDI, net inflows (BoP, current USD millions, 2007-11))	$1,626.95
Military Expenditure (% of GDP)	1.46

Small or peripheral-interest country programs

The following countries in the Western Hemisphere currently have small security assistance programs. While countries in this category will not produce major savings, they are also unlikely to produce major results, and so deserve careful consideration if overall spending levels are being curtailed. Appearance on this list is not commentary on the country's general willingness to reform or to work as a partner in the security arena.

Belize

FY11 actual: $390,000
FY12 estimated: $390,000
FY13 requested: $1,030,000

This aid could be significantly reduced given Belize's limited strategic importance.

Gross National Income per capita 2010	$3,740
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	93
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	N/A
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	93
Population living under $2/day	76,736
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	56.40
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	60.29
FDI, net inflows (BoP, current USD millions, 2007-11))	$96.45
Military Expenditure (% of GDP)	1.10

Guyana

FY11 actual: $386,000
FY12 estimated: $315,000
FY13 requested: $300,000

Although U.S. military medical and engineering teams continue to conduct training exercises in Guyana, this program does not seem to be the highest priority.

Gross National Income per capita 2010	$3,270
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	117
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	114
Population living under $2/day	124,650
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	60.66
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	49.28
FDI, net inflows (BoP, current USD millions, 2007-11))	$187.55
Military Expenditure (% of GDP)	N/A

Suriname

FY11 actual: $251,000
FY12 estimated: $240,000
FY13 requested: $225,000

As the smallest country in South America with an estimated population of around 500,000, Suriname is neither a U.S. geostrategic concern nor a budget priority.

Gross National Income per capita 2010	$5,920
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	104
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	100
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	158
Population living under $2/day	100,412
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	47.87
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	47.85
FDI, net inflows (BoP, current USD millions, 2007-11))	-$255.70
Military Expenditure (% of GDP)	N/A

Trinidad and Tobago

FY11 actual: $253,000
FY12 estimated: $180,000
FY13 requested: $180,000

Trinidad and Tobago is not enough of a geostrategic concern to be a budget priority at this time, with an estimated population of just more than one million people.

Gross National Income per capita 2010	$15,380
Freedom status 2011	Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	62
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	91
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	68
Population living under $2/day	19,285
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	52.13
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	36.36
FDI, net inflows (BoP, current USD millions, 2007-11))	$549.40
Military Expenditure (% of GDP)	N/A

Poor performance countries

The following countries in the Western Hemisphere do not strike us as good partners based on available evidence, often because of the host country's treatment of its own citizens. While some will argue that continued security aid to these countries is merited due to strategic considerations, such aid may in some cases reinforce the power of entrenched elites and slow broader progress of these societies becoming freer and more developed. It is vital that security assistance be considered within the broad institutional performance of a recipient country as a whole.

Nicaragua

FY11 actual: $877,000
FY12 estimated: $1,189,000
FY13 requested: $1,099,000

Similar to the economic assistance side, Nicaragua should face cuts in security assistance given its lack of effort to improve governance.

Gross National Income per capita 2010	$1,080
Freedom status 2011	Partly Free
Human Development Index 2011 (Range: 1-187, 1=most developed)	129
TI Corruptions Perceptions Index 2011 (Range: 1-182, 1=least corrupt)	134
Doing Business Index 2012 (Range: 1-183, 1=most conducive to business)	118
Population living under $2/day	1,455,684
WGI Rule of Law Percentile rank (Range: 0-100, 0=high rule of law)	75.83
WGI Government Effectiveness Percentile Rank (Range: 0-100, 1=most effective)	84.21
FDI, net inflows (BoP, current USD millions, 2007-11))	$508.00
Military Expenditure (% of GDP)	0.68

Data sources

Gross National Income per capita 2010: World Development Indicators, World Bank (Atlas method), 2010.

Freedom status 2011: Freedom House, 2011.

Human Development Index: Human Development Report 2011, United Nations Development Programme.

Corruption Perceptions Index: Transparency International, 2011.

Doing Business Index 2012: Doing Business Report 2012, International Finance Corporation/World Bank.

Population Living under $2 per day: Population and poverty headcount data from PovcalNet, World Bank, 2010, or latest available data.

Rule of Law Percentile Rank: Worldwide Governance Indicators, Daniel Kaufmann, Aart Kraay, Massimo Mastruzzi,2010.

Government Effectiveness Percentile Rank: Worldwide Governance Indicators, Daniel Kaufmann, Aart Kraay, Massimo Mastruzzi, 2010.

Net ODA Received per Capita: World Development Indicators, World Bank, current 2009 USD.

Foreign Direct Investment (net inflows): World Development Indicators, World Bank, current USD in millions, 2007–2011.

Military Expenditure (percent of GDP): World Development Indicators, World Bank, current USD, 2010.

Endnotes

1 Food for Peace funding does not include FY11 humanitarian assistance food aid since those allocations are contingent upon need.

2 There are 31 PEPFAR countries for which operational plans are prepared, 29 countries in the Global Health Initiative, and 20 in Feed the Future. Within the Global Health Initiative, eight countries are further identified as "Plus" countries indicating a higher level of funding and attention from the U.S. government. The Partnership for Growth program is currently in four countries: El Salvador, the Philippines, Ghana, and Tanzania.

3 U.S. Department of State, *Human Rights Report on Angola* (2010), available at http://www.state.gov/documents/organization/160519.pdf.

4 U.S. Department of State, *Human Rights Report on Chad* (2010), available at http://www.state.gov/documents/organization/160115.pdf.

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