TRENDS IN U.S. FOREIGN ASSISTANCE OVER THE PAST DECADE

17 AUGUST 2009

This publication was produced for review by the United States Agency for International Development. It was prepared by Keith Brown and Jill Tirnauer, Management Systems International.

TRENDS IN U.S. FOREIGN ASSISTANCE OVER THE PAST DECADE

Contracted under RAN-M-OO-Q4-00049-A-FYOS-072
IMR2 Assignment Plan 72: Development Evaluation Theory and Practice

August 17, 2009

Management Systems International
A Subsidiary of Coffey International, Ltd.
600 Water Street, SW
Washington, DC 20024

coffey international development
SPECIALISTS IN DEVELOPING COMMUNITIES

CONTENTS

TABLES

FIGURES

EXECUTIVE SUMMARY

Major events and changes during the past decade have had dramatic impact on the means by which the U.S. Government and its citizens engage the world. Terrorism, substantial and sustained war efforts, the spread of HIV/AIDS, the financial crisis—though far from a complete list—are some of the more significant happenings that have shaped the international context for the United States. With these changes have come associated shifts in the organization and delivery of U.S. foreign assistance. The United States Agency for International Development (USAID) has commissioned Management Systems International to write a series of papers to help the Agency better understand the trends in U.S. foreign assistance and international evaluation theory and practice, and its implications for evaluation of development programs. This paper focuses on the trends in foreign assistance programming and the changes in how foreign aid has been delivered over the past decade. It does not attempt to provide recommendations for how foreign assistance should be structured under the new Administration.

Global official development assistance (ODA) doubled over the past decade, increasing from $52.1 billion in 1999 to $119.8 billion in 2008, with the United States accounting for 22 percent of all ODA. U.S. ODA grew at a faster rate, almost tripling from $9.1 billion to $26 billion. Even with this growth, USAID's share of bilateral and multilateral ODA fell from 64.3 percent in 1998 to 38.8 percent in 2005 according to the Development Assistance Committee (DAC). According to the Department of State, it rebounded to 47 percent in 2007 as USAID took on greater responsibility for stabilization activities in Iraq and Afghanistan and for implementing programs under the President's Emergency Plan for AIDS Relief (PEPFAR).

Although it seemed as though decision-making was becoming more centralized with foreign assistance reforms, foreign aid continued to fragment with the creation of new entities such as the Millennium Challenge Corporation (MCC) and the Office of the U.S. Global AIDS Coordinator (OGAC) in the State Department. Furthermore, both the Department of Defense (DOD) and Treasury expanded their authority and their total share of foreign assistance. Between its inception in FY 2003 and the end of FY 2008, the MCC has entered into compact agreements worth $6.3 billion. During the same period, threshold programs administered by USAID reached $440 million. OGAC is responsible for administering the PEPFAR, the single largest foreign assistance program. Funding for PEPFAR through the Global HIV/AIDS Initiative (GHAI) account is expected to reach almost $4.8 billion in FY 2009. Other new programs and entities at the State Department include the Democracy and Human Rights Fund, the Middle East Partnership Initiative (MEPI), and the Office of the Coordinator for Reconstruction and Stabilization (S/CRS).

Whereas foreign assistance has always been aimed at reconstruction efforts in the aftermath of conflict, U.S. aid gained greater prominence during the decade with the elevation of development to an equal footing with defense and diplomacy. *The National Security Strategy* in 2002 and again in 2006 extolled its importance. With the advent of the conflicts in Afghanistan and Iraq, foreign assistance is becoming increasingly militarized as the Department of Defense plays a bigger role in stabilization efforts. DOD increased its share of total foreign assistance from 5.2 percent in 2001 to 15 percent in 2007 (USAID 2008e). Under a number of expanded and new accounts and authorities, DOD is providing development-type assistance (e.g., infrastructure, democracy promotion, and economic development), which, along with the creation of the Office of the Coordinator for Reconstruction and Stabilization further blurs the line between the different agencies.

Health became the predominate sector for foreign assistance during the past decade, with explosive growth due to the HIV/AIDS epidemic. Funding for health programs rose from $250.7 million in Child Survival and Health (CSH) funds in 1999 to $3.9 billion in CSH and GHAI funds in 2009. PEPFAR began in 2004 with a legislative commitment of $15 billion over five years. The majority of this funding went to fifteen focus countries, almost all of which are located in Africa. In 2008, the reauthorization act increased funding for PEPFAR for $48 billion over the next five years, including $5 billion for malaria and $4 billion for tuberculosis.

Another trend in development assistance was the shift of funding toward Africa. Global ODA for Africa increased from $10.3 billion in 1999 to $24.5 billion in 2009. Moreover U.S. foreign assistance to the continent grew at a faster rate, quadrupling to $5 billion for FY 2009. In addition to PEPFAR funding, the reasons for this growth included the signing of eight MCC compacts, new presidential initiatives in areas including trade, education and food security, and counter-terrorism initiatives. Development Assistance to Africa increased 51.5 percent and Economic Support Funds increased 90.3 percent over the same time period.

The theme of "aid effectiveness" has emerged over the past decade. To address criticism regarding the effectiveness and utility of donor assistance, the Development Assistance Committee (DAC) is working to promote, support and monitor progress on harmonization and alignment of aid. The Paris Declaration, signed in 2005, set forth concrete actions for donors and recipient countries around five principles: local ownership, donor alignment, harmonization of aid, managing for results, and mutual accountability. The United States has lagged behind other donors in the implementation of the Paris Declaration; however, actions have been taken to continue and expand managing for results and improved coordination with partner countries and other donors pool funding, move towards general budgetary support and shift away from projects.

There are also more private actors in foreign assistance. Private sources now account for over 80 percent of total U.S. based financial flows to developing countries. Remittances from the United States, the largest contributor, reached $45.6 billion in 2007, up from $27.4 billion in 1999. Low-income countries received some $305.3 billion dollars. Foundation giving increased from $3.2 billion in 2000 to $5.4 billion in 2007, mostly due to the establishment of the Bill and Melinda Gates Foundation. Corporate giving was estimated at $5.5 billion in 2006.

Structurally, the delivery of foreign assistance also changed. In 1998 USAID became a statutory agency, reporting directly to the Secretary of State. To coordinate foreign assistance more effectively, the Secretary created the Office of the Director of Foreign Assistance (State/F). The Foreign Assistance Framework, created in 2006, became the organizing framework for the delivery of aid, and is supposed to tie programming to budgeting and performance. Lastly, operational planning, which moved USAID from long-term strategies to short-term planning, became the basis for coordinating programming.

In 2000, in response to growing private flows to the developing world and the desire to leverage this growth, USAID created the Office of Global Development Alliance (GDA), a fourth pillar in the Agency at that time. Although it has been moved to the Office of Development Partners, it and the public-private alliances it promotes remain an important mechanism for implementing development programs. By mid-2008, GDA claimed that 680 alliances had been formed, and more than $9 billion dollars of private funding had been leveraged.

The expansion of presidential initiatives also occurred during the decade. Some 22 initiatives were announced. Some of these were funded with new monies, and others were programs cobbled together to meet these executive directives. These initiatives were important, but typically created without a strategy on how to integrate it with existing programs on the ground. Initiatives also added to the heavy reporting burden placed on USAID staff.

USAID capacity for implementing foreign assistance had been diminishing since the mid 1980s. Hiring freezes have placed a heavier burden on staff as funding and program requirements increased over the past decade. The increased need for coordination among programs and initiatives has also added to this burden. Compounding the problem of overburdened staff is the growing number of employees becoming eligible for retirement in the near future. The agency expects that 31 percent of all civil servants and 44 percent of all Foreign Service Officers will be eligible to retire in 2012. To increase staff capacity, both in numbers and skill levels, USAID instituted the Development Leadership Initiative in FY 2008, which is aimed at hiring up to 900 new staff and increasing training in technical and "soft-skill" topics.

The global financial crisis will have a profound impact on developing countries through reduced growth. The World Bank estimates that global GDP will contract by 1.7 percent in 2009. In the developing regions, the Bank estimates that GDP will fall by 2 percent in Europe and Central Asia, by 1.9 percent in South Asia, 2.5 percent in Sub-Saharan Africa (World Bank 2009d). The Bank estimates that when there is a 1 percent decline in development countries' growth rates, an additional 20 million people fall into poverty. Hard hit will be countries with large numbers of people whose incomes hover around the poverty rate. The view on ODA is mixed. The UN predicts a cut in 20 percent, whereas the World Bank is expecting to triple lending to $35 billion in 2009, and the United States Administration has promised a doubling of aid for FY 2010. Private capital flows will decrease but some of the largest foundations, including the Bill and Melinda Gates Foundation, vow to maintain or increase funding despite shrinking endowments. Predictions for growth in 2010 remain positive, although a continued contraction will have major repercussions for U.S. foreign assistance and developing countries.

ACRONYMS & ABBREVIATIONS

A&A	Acquisition and Assistance
AAA	Accra Agenda for Action
AEI	African Education Initiative
AERA	Accelerating Economic Recovery in Asia
AFRICOM	Africa Command
AFSI	Africa Food Security Initiative
AGCI	African Growth and Competitiveness Initiative
AGOA	African Growth and Opportunities Act
AGRA	Alliance for a Green Revolution in Africa
ANE	Asia Near East
ARV	Antiretroviral
CAFTA	Central American Free Trade Agreement
CBFP	Congo Basin Forest Partnership Initiative
CCIF	Combatant Commander Initiative Fund
CDC	Centers for Disease Control
CECP	Committee Encouraging Corporate Philanthropy
CENTCOM	U.S. Central Command
CERP	Commanders' Emergency Response Program
CETT	Centers for Excellence in Teacher Training
CGP	Center for Global Philanthropy
CJTF-HOA	Combined Joint Task Force-Horn of Africa
CMM	Office of Conflict Management and Mitigation
CRC	Civilian Response Corps
CRS	Congressional Research Services
CSH	Child Survival and Health
DA	Development Assistance
DAC	Development Assistance Committee
DFA	Director of Foreign Assistance
DRL	Bureau of Democracy, Human Rights and Labor
DLI	Development Leadership Initiative
DOD	Department of Defense
DOL	Department of Labor
DOS	Department of State
DSCA	Defense Security Cooperation Agency
EACTI	East Africa Counterterrorism Initiative
EARSI	East Africa Regional Security Initiative
E&E	Eastern Europe and Eurasia
ESF	Economic Support Funds
FDI	Foreign Direct Investment
FDR/ER	Foreign Disaster Relief and Emergency Response program
FSO	Foreign Service Officer
GAO	Government Accountability Office
GAVI	Global Alliance for Vaccines and Immunizations
GDA	Global Development Alliance
GFC	Global Financial Crisis
GHAI	Global HIV/AIDS Initiative
GLJI	Great Lakes Justice Initiative
HA	Humanitarian Assistance program

HIPC	Heavily Indebted Poor Countries
HMA	Humanitarian Mine Action program
IEHA	Initiative to End Hunger in Africa
ILAB	International Labor Affairs Bureau
ILO	International Labor Organization
INTRAC	International NGO Training and Research Center
IPEC	International Program to Eliminate Child Labor
LAC	Latin American and the Caribbean
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MDP	Mectizan Donation Program
MEPI	Middle East Partnership Initiative
MSI	Management Systems International
NCCS	National Center for Charitable Statistics
NDAA	National Defense Authorization Act
NGO	Non-governmental Organization
NSC	National Security Council
ODA	Official Development Assistance
ODACA	Overseas Humanitarian Disaster and Civic Aid
OECD	Organization for Economic Cooperation and Development
OGAC	Office of the U.S. Global AIDS Coordinator
OMA	Office of Military Affairs
OPIC	Overseas Private Investment Corporation
PEPFAR	President's Emergency Plan for AIDS Relief
PIEI	President's International Education Initiative
PMI	President's Malaria Initiative
PQMD	Partnership for Quality Medical Donations
PRT	Provincial Reconstruction Teams
PSI	Pan-Sahel Initiative
PVO	Private Voluntary Organization
S/CRS	Office of the Coordinator for Reconstruction and Stabilization
SARI/Energy	South Asia Regional Initiative for Energy
State/F	Office of the Director of Foreign Assistance
TSCTI	Trans-Sahara Counterterrorism Initiative
TSCTP	Trans-Sahara Counterterrorism Partnership
USAEP	U.S. Asia Environmental Partnership
USAID	United States Agency for International Development
USG	United States Government
WHO	World Health Organization

I. INTRODUCTION

This paper documents and discusses the major changes that have taken place over the past eight to ten years in the organization and delivery of foreign assistance. Supported by the Management Bureau of the U.S. Agency for International Development (USAID) and researched and written by a team from Management Systems International (MSI), it touches on a number of key policy decisions and overall general trends that have impacted the U.S. Government apparatus used to implement foreign assistance programs. These include the elevation of development to a role equal to those of defense and diplomacy as part of the Bush Administration's *National Security Strategy,* the ensuing changes to the way aid has been funded and implemented as part of the war on global terrorism, and the increased role of the Department of Defense (DOD) in traditional development activities. The paper also examines the relationship between USAID and the State Department, the creation of new programs designed to transform development, and their impacts on USAID. The rise in foreign aid flows and the shift in funding to support the Bush Administration's foreign policy priorities, including Sub-Saharan Africa and presidential initiatives, will be discussed. Lastly, the paper will look at the expanding, and increasingly important, role of private actors in foreign assistance.

It is useful at this point to note what this paper does *not* attempt to do. That is, though the paper identifies and discusses important trends in the organization and delivery of U.S. foreign assistance, it does not take a position on the worth or appropriateness of those trends. It attempts to objectively present evidence that points to important changes and emerging patterns in the planning, programming and management of development assistance. In short, this is not a position paper. Over the past two to three years there have been many papers that offer opinions and positions—and clear recommendations—concerning the direction of foreign assistance. This paper, on the other hand, is written to provide context for understanding the possible role of evaluation vis-à-vis U.S. Government foreign assistance programming.

More specifically, the paper is intended to be read as a companion piece with a second paper being developed simultaneously by MSI, *Trends in International Development Evaluation Theory, Policy and Practices.* That paper reviews important trends over the past decade in the evaluation of international development programs and projects. Taken together, these two papers will be used to identify considerations and implications regarding the purpose, focus and practice of evaluation of U.S.-supported international development activities. These implications are, in turn, presented in a third paper that MSI is producing for USAID in order to inform discussions and decisions related to evaluation policy and practice at USAID and its U.S. Government and non-government partners.

Each of the following sections presents and discusses one of the important trends that has emerged over the past decade in the structure and delivery of U.S. foreign assistance, including: increased overall funding levels for development assistance, with a particular focus on health and Africa; an expanded role for a growing number of U.S. Government agencies in the realm of foreign assistance; increased recognition of development as a key component of national security; and the growing importance of private actors in international development.

II. INCREASED FUNDING FOR DEVELOPMENT ASSISTANCE

Global net official development assistance (ODA)[1] rose dramatically over the past decade. In 1999 total net ODA was $52.1 billion in current dollars (OECD 2009); ten years later in 2008, it was $119.8 billion, the largest amount ever recorded. Over the same period, as shown in Table 1, U.S. net ODA nearly tripled from $9.1 billion to $26.0 billion. ODA as a percent of Gross National Income (GNI) has almost doubled during the same period. The percentage of ODA that is bilateral assistance, also increased to 89 percent. The United States is the largest contributor of global official development assistance, accounting for 22 percent of all net ODA in 2008.

Table 1. United States Net ODA 1999-2008

Net ODA	1999	2004	2008
Current (USD m)	9,145	19,705	26,008
ODA as a percent of GNI	0.10%	0.17%	0.18%
Bilateral Share	75%	82%	89%

Table 2. Top Ten Recipients U.S. Foreign Aid FY 1998 vs. FY 2008 ($ billions)

FY 1998[a]		FY 2008[b]	
Israel	$3.00	Afghanistan	$2.79
Egypt	$2.12	Israel	$2.38
Ukraine	$0.23	Egypt	$1,70
Jordan	$0.19	Iraq	$1.56
India	$0.14	Jordan	$0.94
Russia	$0.13	Pakistan	$0.80
Peru	$0.12	Kenya	$0.59
Ethiopia	$0.11	South Africa	$0.57
Haiti	$0.10	Colombia	$0.54
Georgia	$0.09	Nigeria	$0.49

[a]The Heritage Foundation 1999
[b]Epstein and Nakamura 2009, 21

Over the past decade, appropriations for the International Affairs budget (150 Account) grew from $15.44 billion to $27.7 billion dollars, an increase of 41 percent in constant dollar value. (Tarnoff and Lawson 2009, 19) Beyond funding for the U.S.'s Middle East partners, the leading recipients of U.S. foreign aid shifted from Eastern Europe to Africa, as shown in Table 2. The 1998 appropriation reflects the Wye River Agreement, efforts of the United States to stabilize post-communist Russia, food aid to Ethiopia and a continued war on drugs. Ten years later, huge amounts of funding were still heading to the Middle East, either for reconstruction and stabilization efforts in Afghanistan and Iraq or for U.S. allies in the region. Kenya, South Africa and Nigeria received large sums of funding, primarily for HIV/AIDS and other infectious diseases. Drug interdiction efforts and alternative development moved from Peru to Colombia, and Pakistan replaced India as the former became more important in the war against terrorism.

Corresponding to this increase in the foreign assistance budget, the number of earmarks has grown. According to a 2005 Congressional Research Services memorandum, the Foreign Appropriations Act of 2005 contained 254 hard earmarks (OECD 2009) and 173 soft earmarks[2], representing 53.4 percent and 19.8 percent of the total funds appropriated. (Congressional Research Service 2006, 20) The number of earmarks

[1] Net Official development assistance (ODA) comprises grants or loans to developing countries and territories on the Organization for Economic Cooperation and Development/Development Assistance Committee (OECD/DAC) list of aid recipients that are undertaken by the official sector with promotion of economic development and welfare as the main objective and at concessional financial terms technical cooperation is included. Grants, loans and credits for military purposes are excluded. Also excluded are aid to more advanced developing and transition countries as determined by the DAC.

[2] "Hard Earmarks" are found in legislation and are binding and have the effect of law. "Soft earmarks" are included in the text of Congressional committee reports and though they do not have the effect of law, by custom are acted on as if they were binding.

and the total dollar volume in 2005 was the highest assessed by CRS over a seven-year period. Although it is difficult to obtain reliable current data, anecdotal evidence suggests that earmarks make up an even larger portion of the foreign assistance budget in 2008.

III. FRAGMENTATION OF FOREIGN ASSISTANCE

Decisions about foreign assistance programming have become more *centralized* over the past decade. The 1998 amendment in the Foreign Assistance Act, which placed USAID under the authority of the Secretary of State, increased joint planning. Further, the 2006 reforms within USAID and the State Department created the Office of the Director of Foreign Assistance. During the same period, however, the delivery of foreign assistance has grown more *fragmented*, with the creation of new organizations, expanded roles of existing offices and increased funding for different entities. Within the U.S. Government, nearly every department and agency currently provides some type of foreign assistance, with estimates of 50 or more government entities and offices implementing foreign assistance programs.

New entities such as the Millennium Challenge Corporation (MCC) and the Office of the Global AIDS Coordinator (OGAC) in the State Department have had a major impact on how development funds are programmed and administered. The Treasury Department has expanded its role in providing foreign assistance as the interlocutor for the multilaterals and the lead agency for debt relief. Similar to USAID, traditional foreign assistance agencies and organizations such as the U.S. Trade and Development Authority, the African Development Bank, and the Peace Corps, received increased funding during the Bush Administration. Other U.S. government agencies currently play a role in development, with large sums going to the Department of Health and Human Services and the Department of Agriculture, and smaller programs being implemented by the Departments of Commerce, Homeland Security, Justice, Interior and Transportation.

In 2005, five U.S. Government entities (USAID, State, Defense, Treasury and Agriculture) accounted for over 90 percent of total ODA, and as many as 26 U.S. Government institutions provided ODA at some level (OECD 2006, 13). These numbers reflect a shift toward both broader overall participation and substantially increased roles for several of the "traditional" ODA departments and agencies. Not surprisingly, the greatest gains for managing ODA occurred in the Department of Defense, which increased its total share from 3.5 percent in 1998 to 21.7 percent in 2006, and the Department of Agriculture, which increased its share from 2.3 percent to 13.9 percent over the same time period. Much of this can be attributed to the conflicts in Afghanistan and Iraq, as well as to food aid, which rose sharply between 2003 and 2005 (OECD 2006, 26).

This fragmentation of the U.S. foreign assistance program makes coordination critical, yet more difficult. It is useful at this stage to review some of the more important institutional actors in this fragmentation process.

A. THE MILLENNIUM CHALLENGE CORPORATION (MCC)

At the 2002 Monterrey Conference for Development Financing, President Bush announced "a new compact for global development, defined by new accountability for both rich and poor alike." Based on the idea that sound policies are an essential condition of development and economic growth, the Millennium Challenge Account (MCA) is viewed as a new approach to development. Signed into law in early 2004 (P.L 104-199, Section 602), the MCA was created to provide targeted assistance that promotes "economic growth and the elimination of extreme poverty and strengthens good governance, economic freedom and investment in people." As part of the law, Congress authorized the establishment of the Millennium Challenge Corporation (MCC), an independent government corporation, to implement the MCA.

MCA is different from traditional assistance in a number of ways. Its underlying premise is that good policies matter and countries with good policies should be rewarded. Eligibility for funding is determined whether a country has scoring above the median for its income group on at least half of 17 third party indicators[3] used by MCC. Countries are means-tested within country categories: low income countries with a gross national income (GNI) per capita of $1,785 or below, and lower-middle income countries with a GNI per capita of between $1,786 and $3,075 (MCC, 2008). Host country governments themselves develop their MCA proposals, with substantial input from a range of stakeholders. Moreover, the governments are responsible for program implementation, otherwise known as compacts. Performance monitoring, impact evaluations, and fiscal accountability measures are built into development and implementation of compacts. Lastly, MCA is shielded from the earmarking processes.

By the end of FY 2008 MCC had entered into 18 compact agreements worth $6.3 billion. These range from $65 million to $698 million and typically last five years (MCC 2008). Sectors targeted by compact agreements include trade, agribusiness, infrastructure, land titling, vocational training and health. Countries with MCA compacts and their assistance levels (in $ millions) are as follows:

Armenia	$235.7	Madagascar	$109.8
Benin	$307.3	Mali	$460.8
Burkina Faso	$480.9	Mongolia	$284.9
Cape Verde	$110.0	Morocco	$697.5
El Salvador	$461.0	Mozambique	$506.9
Georgia	$295.3	Namibia	$304.5
Ghana	$547.0	Nicaragua	$175.1[4]
Honduras	$215.0	Tanzania	$698.0
Lesotho	$362.6	Vanuatu	$65.7

To help countries meet eligibility criteria, the MCA legislation established a threshold program funded with up to ten percent of MCC's total appropriation. Threshold programs are administered by USAID. Typically two years in length, the programs are designed to improve a country's performance on those MCC indicators for which it has low scores. The MCC Board of Directors selects the countries, approves programs and provides funding through a transfer to USAID. USAID works with countries to develop proposals for threshold programs and then issues contracts and oversees implementation.

Twenty threshold programs have been or are being implemented in nineteen countries with a cumulative value of $440 million. Program funding ranges from $6.7 million to $55 million and most of these programs focus on improving scores on the mandatory Control of Corruption indicator.[5] As of the end of FY 2008, two countries with threshold programs had graduated to compact implementation and an additional six threshold countries had become compact eligible.

Over the last few years, much attention has been paid to what is known as the "MCC Effect," wherein countries begin to invest in and adopt legal, policy, regulatory and institutional reforms in order to meet the indicator requirements necessary for MCC eligibility and funding. While many analysts champion this phenomenon, there are some who believe such reforms are shallow or transitory and do not reflect fundamental and long-lived change. Others question the strength of the link between the indicators and MCC's goal of poverty reduction.

---

[3] Indicators include Freedom House's Political Rights Index, the World Bank's Control of Corruption indicator, UNESCO's primary education expenditure indicator, the number of days to start-up a business, trade policy, and the Natural Resource Management Index.

[4] Nicaragua was suspended in December 2008.

[5] Examples of threshold programs include improving girls primary education completion rates in Burkina Faso ($12.7 million); immunizing children and curbing corruption by reforming the judiciary in Indonesia ($55.0 million); and combating corruption in public procurement and the health sector and monitoring and evaluating reforms in Kenya ($12.7 million).

Though MCC continues to enjoy support from some quarters of the U.S. Government, it has received growing criticism in recent years. One of the principal complaints concerning MCC is that it has distributed only a small fraction of the funds appropriated to it by Congress with little to show in terms of concrete results (Reiffel 2008, 1). Since FY 2004 Congress has appropriated $7.5 billion, of which $5.98 billion has been obligated, but with only $235 million having been disbursed (Epstein 2009, 21). Congress approved $1.54 billion for FY 2008, and $875 million for FY 2009, which is much lower than the $2.25 billion requested by the President, but is higher than the $254 million put forth by the Senate Appropriations Committee (US GLC 2009). Set to expire last year, MCC's authority continues under the Omnibus Appropriations Act of 2009.

B. THE STATE DEPARTMENT

The State Department has increased its role in the delivery of foreign assistance over the past decade. The Secretary of State is the President's principal foreign policy advisor. As articulated in its 1999-2000 Strategic Plan, the State Department saw itself then—and still does now—as the lead representative of the United States overseas and chief advocate for U.S. policies to foreign governments and international organizations. The Department was responsible for inter-agency coordination and provided support for all U.S. Government international programs and activities. State also served as the lead agency in times of crisis and it managed funding for migration and refugee assistance. In 1999, this account reached $905 million, of which $266 million was for Kosovo.

Today, the State Department directly manages several large programs across a number of areas, including the Human Rights and Democracy Fund and the Middle East Partnership Initiative (MEPI). The Department has created several new offices, such as OGAC and the Office of Crisis Reconstruction and Stabilization (S/CRS), which overlap with what was once seen as largely USAID's domain. In spite of recent reforms within State and USAID and the creation of the Office of the Director of Foreign Assistance (DFA), these offices remain independent and report directly to the Secretary of State. Furthermore, State is becoming increasingly more involved in the management and use of Economic Support Funds (ESF) for its own programs. In FY 2007, approximately 60 percent of all foreign assistance in the Foreign Operations Request fell under the DFA's purview (Lugar 2007, 58). This figure declined even further to 46 percent in FY 2008 (GAO 2009, 9).

1. DEMOCRACY AND HUMAN RIGHTS FUND

In 1998 Congress established the Democracy and Human Rights Fund in the State Department's Bureau of Democracy, Human Rights and Labor (DRL). The aim of the program is to promote human rights and democracy in areas where USAID has few or no programs due to foreign policy constraints. An additional aim is to act "as the Department's venture capital for democracy (DOS DRL 2009)." The Bureau also uses the Fund to monitor human rights and report on U.S. Government activities and programs in its annual report to Congress. DHRL has grown from $7.8[6] million in 1998 to $94 million in 2007 and $162.7 million in 2008 (DOS 2009d), with major portions supporting programs for Iraq. Congress has routinely supported programs supported by the Fund well beyond the President's request and has earmarked funding to support democracy in China, Iran and Burma (Lugar 2007, 19).

[6] Ibid.

2. MIDDLE EAST PARTNERSHIP PROGRAM

Following the release of the 2002 *National Security Strategy*, the State Department launched the Middle East Partnership Initiative (MEPI). Located within the Bureau of Near Eastern Affairs, the program supports democracy building, economic and education activities. Since its inception, the program has provided more than $530 million in Economic Support Funds for over 600 projects in 17 countries and territories in the region (DOS 2009e). Moreover, MEPI is implemented by different U.S. Government entities through Inter-Agency Agreements including USAID, Treasury and Commerce.

3. THE OFFICE OF THE U.S. GLOBAL AIDS COORDINATOR

Another program that has an enormous impact on the distribution of foreign assistance is the President's Emergency Plan for AIDS Relief (PEPFAR). In his 2003 State of the Union speech, President Bush announced a five-year $15 billion plan to "turn the tide against AIDS in the most afflicted nations of Africa and the Caribbean (U.S. 2003)." Four months later, the United States Leadership against AIDS, Tuberculosis and Malaria Act was signed into law. PEPFAR, an interagency effort, is designed to prevent new infections, treat people living with HIV/AIDS, and care for persons living with HIV/AIDS and for orphans and vulnerable children.

To lead PEPFAR, the legislation created the position of the U.S. Global AIDS Coordinator and the Office of the US Global AIDS Coordinator (OGAC) in the State Department. OGAC is responsible for establishing policy, developing strategy as well as overseeing and coordinating resources and activities across the USG. In addition to USAID and the Department of State, other agencies responsible for implementing PEPFAR include the Departments of Health and Human Services, Labor, Defense, and Commerce and the Peace Corps.

Enormous compared to that of other programs, the funding for PEPFAR has increased from $2.3 billion in FY 2004 to $6 billion in FY 2008. The majority of these funds goes to commodities and logistics. The increase in funding for bilateral programs, from $389 to $455 million during the same time period, was very small in comparison to the overall PEPFAR increase.

Funding for PEPFAR is scheduled to increase with the Tom Lantos and Henry H. Hyde Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008. The law reauthorizes PEPFAR for another five years and authorizes $48 billion in funding, including $5 billion for malaria and $4 billion for tuberculosis.

4. OFFICE OF THE COORDINATOR FOR RECONSTRUCTION AND STABILIZATION

In 2004, the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) was created to coordinate efforts across the entire U.S. Government aimed at stabilization and recovery in post-conflict settings. Similar to OGAC, S/CRS's leadership reports directly to the Secretary of State. S/CRS is responsible for conflict prevention, planning, the Civilian Response Corps and strategic communications. S/CRS receives the bulk of its funding from DOD under the Section 1207 provision, which temporarily permits the transfer of DOD funds to State for conflict, reconstruction and stabilization activities. The FY 2009 budget provides $248.6 million for the training, support and deployment of the Civilian Response Corps and related reconstruction and stabilization assistance.

C. DEPARTMENT OF TREASURY

As a member of the National Security Council, the Department of Treasury plays an important role in foreign assistance. Through its Office of International Assistance, the department promotes economic growth and poverty reduction through U.S. participation in international financial institutions, debt restructuring and technical assistance. In FY 2008, Treasury received funding of $1.3 billion dollars, up from $1.2 billion in FY

2005. The majority of this funding was for contributions to eight international financial institutions. Debt restructuring and bilateral debt reduction through the Heavily Indebted Poor Countries (HIPC) Initiative, the HIPC Trust Fund, and the Tropical Forest Conservation Act accounted for almost a quarter of total funding. The remaining funds, $20.2 million, were for technical assistance and training in such areas as commercial banking, debt issuance, financial law enforcement and anti-corruption. Treasury has been providing this assistance since FY 1999.

D. OTHER FEDERAL AGENCIES

The International Labor Affairs Bureau (ILAB) of the Department of Labor (DOL) provides assistance in the areas of international trade and labor, international child labor, forced labor and human trafficking, and representation in international organizations such as the International Labor Organization (ILO) and the International Program to Eliminate Child Labor (IPEC). DOL, in its FY 2009 budget request, sought to return "ILAB to its original mission of research, advocacy and technical assistance by eliminating its directly appropriated grant-making activities (DOL 2008)," and eliminate a FY 2008 $40 million earmark to the ILO. The Department notes that its funding increased by 1,500 percent between 1996 and 2001, when the agency "embarked on an expansive grant-making mission"[7] to combat child labor, support core labor standards, develop and disseminate HIV/AIDS information in the workplace, and provide bilateral assistance. In FY 2008, ILAB received $81.1 million. Although the Administration tried to decimate the budget by reducing the request to $14.8 million, Congress restored the cuts. ILAB's funding for FY 2009 is $86.1 million, including $6.5 million to address worker rights issues, and $39.3 million for the multilateral labor agencies.

The Department of Agriculture received $1.310 billion in FY 2008, the majority of which was for Food for Peace (P.L. 480 Title II). The 2006 omnibus bill provided agriculture with a slight increase in funding to $1.3 billion and an additional $100 million for the McGovern-Dole International Food for Education and Child Nutrition Program. The budget for Peace Corps is $343.5 million for FY 2009. Estimated expenditures in FY 2008 for the U.S. Trade and Development Authority are just under $50 million dollars; the Administration has requested $50.8 million for FY 2009. The FY 2009 funding request for the Inter-American Foundation and the African Development Foundation stands roughly at $50 million. Related appropriations, for organizations including The Asia Foundation, the National Endowment for Democracy and the East-West Center, were $101.8 million, a modest decrease from FY 2007.[8]

IV. THE IMPORTANCE OF FOREIGN AID TO NATIONAL SECURITY

With the collapse of communism, the importance of foreign aid to U.S. foreign policy started to wane in the mid-1990s. For the most part, aid was viewed in terms of providing humanitarian relief in times of crisis, reducing poverty and improving the lives of those most disadvantaged around the world or as a means to expand markets for U.S. goods and services. After the 1998 bombing of the U.S. embassies in Kenya and Tanzania, however, there was growing interest in the foreign policy establishment in preventing terrorism through political, economic and social means. September 11 elevated the importance of aid, and put it front and center in the global war on terrorism.

In 2002, with the release of the *National Security Strategy,* development was for the first time elevated to a status equal to defense and diplomacy. It became the required third pillar to address instability and fight terrorism. Foreign assistance would be used as a tool to counter these forces through "political and economic freedom, peaceful relations with other states, and respect for human dignity." The report focused on several strategies

[7] Ibid.

[8] NED, which accounts for the most of the related appropriations expenditures, was funded by the Democracy Fund in FY 2008.

including the promotion of democracy, human rights and the rule of law; investing in health, education and agriculture; funding the MCC; and cooperating with multilateral institutions.

The National Security Strategy of 2006 reconfirmed the status of development, along with diplomacy and defense, as one of the "three Ds."[9] The strategy proclaimed that the promotion of democracy "is the most effective long-term measure for strengthening international stability; reducing regional conflicts; countering terrorism and terror-supporting extremism; and extending peace and prosperity (NSC 2006, 3)." It also provided examples of progress over the previous four years, addressed Iraq and Afghanistan, and expounded the strategies and tactics in the 2002 strategy document.

The heightened stature of development is affecting not only how USAID implements foreign assistance, but also how it is used in conjunction with diplomacy and defense to address instability and fight global terrorism. Across the three Ds, interests and objectives have merged, diverged and overlapped. New offices have been created in USAID and State to address and coordinate issues of conflict and stabilization across the agency, and are collaborating with the Department of Defense on a number of issues, including Afghanistan, Iraq, and counterterrorism across the continent of Africa. Meanwhile, DOD has expanded its authorities to provide humanitarian and reconstruction assistance, and funding to State and USAID under specific programs and agreements.

To better understand the changing role of foreign assistance in foreign policy and national security, it is helpful to review some of the observed shifts in the authorities, structure and programs of the USG institutions that are presently leading U.S. foreign assistance efforts.

A. USAID

Immediately following the issuance of the 2002 National Security Strategy, USAID published *Foreign Aid in the National Security Interest*, which outlined six priority areas for USAID, including conflict. In 2002, USAID created the Office of Conflict Management and Mitigation (CMM) in order to provide analytic and operational tools to USAID missions and offices to "enable the agency to better address the causes and consequences of conflict through development assistance programming."

Three years later, USAID created the Office of Military Affairs (OMA) to serve as an operational link between USAID and DOD. This office is responsible for coordinated planning, training, education and communications. OMA places senior USAID officials to serve as advisors to the combatant commands, and DOD provides liaison officers to USAID bureaus to support coordination and management.

B. THE DEPARTMENT OF STATE

In response to criticism that the United States was unprepared to address instability in Iraq, the President issued National Security Directive 44, authorizing the Secretary of State to coordinate and lead government stabilization and reconstruction activities in coordination with DOD. In 2004, the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) was created. Its mission is "to lead, coordinate and institutionalize U.S. Government civilian capacity to prevent or prepare for post-conflict situations, and to help stabilize and reconstruct societies in transition from conflict or civil strife, so they can reach a sustainable path toward peace, democracy and a market economy (DOS S/CRS 2008)."

One of S/CRS's main programs is to support large-scale projects aimed at mitigating crisis, and stabilizing countries. Since FY 2006, S/CRS has funded 15 projects costing $209.5 million in 17 countries with Section 1207 funds.[10] Projects are developed by Embassy country teams and can include other partners such as State

[9] The "three Ds" was coined by the foreign policy community in 2002 after the release of the first National Security Strategy.
[10] Section 1207 of the National Defense Authorization Act (NDAA) for Fiscal Year 2006 (P.L. 109-163) provides authority for

Bureaus, USAID or combatant commands. They range from rebuilding the Pol-e-Charki prison in Afghanistan ($10 million) to combining community policing with small-scale employment and infrastructure projects in Cite Soleil, Haiti ($20 million).[11] In FY 2009, S/CRS is authorized to receive up to $150 million in Section 1207 funds with a minimum of $50 million and a maximum of $100 million earmarked for reconstruction and stabilization efforts in the Republic of Georgia.

Another core program implemented by S/CRS is the Civilian Response Corps (CRC), modeled after the military reserves. The CRC "will advise, mentor, and strengthen host-government capacity to govern and rebuild conflict and post-conflict states and put them on a sustainable path toward peace, democracy and economic growth (DOS S/CRS 2008)." It has three components: the Active Component, the Standby Component, and the Civilian Component. The Active Component is a team of first responders comprised of full-time and retired government employees from USAID, State, Treasury, and the Departments of Agriculture, Justice, Commerce, and Homeland Security. Active Component officers have been deployed to Sudan, Chad, Lebanon, Kosovo, Haiti, Afghanistan and Iraq. Standby Component reservists are full-time employees of USG departments who have specialized expertise useful to reconstruction and stabilization operations and can deploy within 30 days. Standby Component officers have supported missions in Lebanon, Darfur, Kosovo, Nepal and Afghanistan. The third component expands the pool of experts and fills gaps in staffing by tapping citizens at-large to provide expertise in areas such as public security, law, service delivery, economics and governance. The FY 2009 appropriation is $248.6 million, which will fund 250 Active Component officers, 2,000 Stand-by Component officers and 2,000 civilians.

C. DEPARTMENT OF DEFENSE

The global war on terrorism and the ongoing conflicts in Afghanistan and Iraq have dramatically increased the military's influence in the delivery of development aid and foreign assistance, be it through policy, the transfer of funds, or the direct provision of disaster and humanitarian assistance. Although DOD has been involved in disaster and humanitarian assistance, a number of new initiatives and authorities have expanded DOD's role into development-type assistance activities. According to a report published by the U.S. Senate Foreign Relations Committee, defense spending comprised just 5.2 percent of total U.S. official development assistance in 2001; in 2008 it was 15 percent (USAID 2009). Although 15 percent may still seem small, U.S. ODA nearly tripled during this period, and the 15 percent actually represents a very large increase for DOD.

Expansion has occurred primarily through the appropriations process and amendments in the language of the Defense Act, and it is now encapsulated in DOD policy. Defense Directive 3000.05 issued in 2005 states that the goal of the military is stability and "to help develop indigenous capacity for securing essential services, a viable market economy, rule of law, democratic institutions and a robust civil society." The 2006 Quadrennial Defense Review reconfirmed DOD's role in providing U.S. foreign assistance. Meanwhile the Pentagon requested that recently acquired authorities be made permanent and be expanded in both size and scope. Congress has resisted making them permanent or expanding their reach. Although funding for foreign assistance activities remains small in relation to USAID and State, Defense is increasingly influencing how and where aid is delivered.

The programs that DOD administers are complex and far reaching. The extent to which these programs are funded and implemented by DOD is difficult to discern. Some programs overlap with traditional USAID and State assistance programs. Other programs are implemented by these agencies, but are funded by DOD. For programs funded through DOD's Operations and Maintenance account, there are no detailed budget line items. Lastly, major programs may have a military or logistical component that is not distinguished from humanitarian or development assistance. A brief description of different DOD programs is presented below.

---

the Department of Defense (DOD) to transfer the State Department up to $100 million per year.

[11] For a compete list, see: United States Department of Defense, *"Section 1207" Security and Stabilization Assistance: A Fact Sheet.* (Washington: Government Printing Office) (RS22871), updated November 25, 2008.

1. OVERSEAS HUMANITARIAN DISASTER AND CIVIC AID (OHDACA)

Although the military has played a role in humanitarian crisis and post-war rebuilding throughout U.S. history, DOD formalized this role with the creation of a humanitarian assistance account in its 1986 budget.[12] The Defense Security Cooperation Agency (DSCA) funds three programs: the Humanitarian Assistance program (HA), the Humanitarian Mine Action program (HMA), and the Foreign Disaster Relief and Emergency Response program.[13] In this year's budget, the HA program's mandate was enlarged not only to "avert political and humanitarian crises," but also to "promote democratic development and regional stability, and enable countries to begin to recover from conflicts (DSCA 2008, 881)." The other programs administered by OHDACA focus on providing training to host-country nationals and U.S. military personnel to conduct mine action missions and victim assistance activities and to respond to disasters and humanitarian crisis.

Although DSCA is supposed to coordinate activities with USAID and State, the legislation states that "activities reflect the priorities of the Secretary of Defense and the Chairman, Joint Chiefs of Staff (DSCA 2008, 882)." The military expects to fund 700 humanitarian assistance projects designed by Combatant Commanders in FY 2009 (DSCA 2008, 883). Appropriations for OHDACA rose from $49.7 million in 2002 (CRS 2008, 9) to $102.8 million in FY 2008 (DSCA 2008, 888).

2. SECTION 1206

Traditionally the State Department was responsible for building the capacity of foreign militaries. In 2005, Congress provided DOD with the authority and funds to establish a temporary pilot program, known as "Section 1206". The program allows DOD to train and equip foreign militaries in counterterrorism, as well as build their capacity to participate in military and stabilization operations. Congress provided up to $200 million for FY 2006 and $300 million for FY 2007 and FY 2008 (CRS 2008, 15). The FY 2009 Defense Appropriations Act extended Section 1206 authority through September 30, 2011, increased authorized funding to $350 million per fiscal year, granted Building Global Partnership authorities, and expanded training to non-military security forces. Yet, in a joint statement accompanying the legislation, Congress "viewed this authority as provisional" and expressed its belief that "foreign assistance programs are more appropriately funded through the foreign assistance accounts (U.S. Defense Authorization 2008)."

3. SECTION 1207

Section 1207 of the National Defense Authorization Act (NDAA) of FY 2006 provides authority to DOD to transfer up to $100 million per fiscal year to State to support reconstruction, stabilization and security activities. Between its inception and the passage of the authorization bill in FY 2006 and FY 2008, DOD has transferred funds totaling $209.5 million to fund programs administered by S/CRS.

The future of Section 1207 is unclear since Congress perceives this authority as temporary until S/CRS is funded through the foreign assistance appropriations act. Although DOD sought this year to double Section 1207 funding, broaden its scope to include other U.S. government agencies, and extend the program another five years, Congress rejected this notion by keeping funding relatively stable (except for $50 million in emergency funding for Georgia) and extended its authority for only one year, through FY 2009.

[12]It is now known as the Overseas Humanitarian Disaster and Civic Aid (ODACA) appropriation.

[13] Projects and activities under the HA program include the transportation and distribution of relief supplies; construction of school buildings, road and medical facilities; the provision of medical and dental care; and assisting countries to improve disaster planning and local crisis response capacity.

4. COMMANDERS' EMERGENCY RESPONSE PROGRAM (CERP)

Created in 2004, the Commanders' Emergency Response Program (CERP) enables ground commanders to respond to humanitarian crises and undertake reconstruction in Iraq and Afghanistan. CERP "supports the Government's War on Terrorism by helping to win the trust of local populations (DOD 2007)." Funds are used for a variety of small-scale projects such as building schools and health clinics, repairing telecommunications and transportation, giving micro-grants to small businesses and supporting political party development. The majority of projects are unencumbered by typical contracting regulations, unlike those that apply to USAID and State. Increasingly these are growing larger. In FY 2007, 228 projects out of a total of 6,915[14] in Iraq cost $500,000 or more, compared to 10 projects three years earlier (GAO 2006, 3). CERP funding has increased steadily from $180 million in FY 2004 to $956 million in FY 2007 and then $1.7 billion in FY 2008. The Administration has repeatedly sought to make CERP authority permanent and extend its authority for any country where U.S. forces are operating, but so far Congress has stripped these provisions from successive bills.

5. COMBATANT COMMANDER INITIATIVE FUND

The Combatant Commander Initiative Fund (CCIF) is a rarely used account that provides funds to combatant commanders to meet unanticipated humanitarian and reconstruction needs worldwide. Prior to FY 2007, the CCIF was used primarily for training military personnel in crisis operations. The John Warner Defense Act expanded CCIF authority "to be used for urgent and unanticipated humanitarian relief and reconstruction assistance"[15] in countries where the military is operating. The Joint Chiefs of Staff obligated $47.3 million for CCIF initiatives in FY 2007. In 2009, Congress authorized $50 million for CCIF from DOD's Operations and Maintenance account.

6. PROVINCIAL RECONSTRUCTION TEAMS

In Afghanistan and Iraq, Congress provides special funding and authorities for DOD to carry out operations with a humanitarian assistance component. Provincial Reconstruction Teams (PRTs) are integrated civilian and military teams located throughout each country, and are designed to "carry out state building political and economic activities, in addition to civic assistance and humanitarian activities (Serafino 2008, 18)." Operating primarily outside capital cities, PRTs provide security and stability to local populations, carry out reconstruction efforts, and strengthen the reach of the central government. Military personnel stationed in the PRTs also undertake quick impact projects as a means to "win the hearts and minds" of the populace. Although DOD is primarily responsible for security and logistical support to the PRTs, it "maintains a preponderant weight in PRT decision-making as the sole supplier of security, which allows civilians to undertake project site visits and meetings with local leaders (Serafino 2008, 91)." PRT projects are funded through the CERP and Economic Support Funds (ESF) with additional monies coming from development assistance, other bilateral funds in Afghanistan, and the Development Fund and Relief and Reconstruction Fund in Iraq.

7. COUNTERTERRORISM PROGRAMS IN AFRICA

Counterterrorism is another area in which DOD has expanded its role in what is viewed as traditional development. The National Strategy for Combating Terrorism[16] identifies foreign aid as a means to help alleviate the underlying economic, social and political conditions which serve as an impetus for people to turn to or support terrorism in fragile and weak states. With USAID and State, the military leads three major

[14] This number includes projects that are not reconstruction but involve cash payouts, such as condolence, battle damage, detainee, and grant payments.

[15] This law restricts the CCIF from being used in Afghanistan and Iraq as long as the CERP or other similar authority is available in those countries.

[16] The National Strategy for Combating Terrorism was written in 2003 and updated in 2006.

counterterrorism efforts in Africa. These interagency efforts are the Trans-Sahara Counterterrorism Partnership (TSCTP), the Combined Joint Task Force-Horn of Africa (CJTF-HOA), and the East Africa Counterterrorism Initiative (EACTI). Since 2007, these programs have come under the umbrella of the Africa Command (AFRICOM), a new unified combatant command for Africa created in early 2007.

TSCTP, operating in North Africa and the Sahel, aims to build "law enforcement capacity, foster regional cooperation, counter radicalization, and enhance public diplomacy (Patrick 2007, 10)." The program was conceived as an interagency program with State as the lead agency. Built on the Pan-Sahel Initiative and the Trans-Sahara Counterterrorism Initiative (TSCTI), this five-year $500 million program was launched in 2005. At the time of its creation, TSCTP was to undertake mostly "development initiatives, including efforts to improve health and education, build community centers, provide vocational training, and promote transparency in governance (Patrick 2007, 10)." With some support to the military, however, the program's emphasis has shifted to building the military efforts of host countries through Operation Enduring Freedom.

The objectives of the Combined Joint Task Force-Horn of Africa (CJTF-HOA), based in Djibouti, are to "prevent conflict, promote regional stability and protect Coalition interests in order to prevail against extremism (Serafino 2008, 69)." Created by the U.S. Central Command (CENTCOM) in the aftermath of the 2001 terrorist attacks, CJTF-HOA provides assistance ranging from military training to building small-scale infrastructure projects to win the support and cooperation from local communities. While most of CJTF-HOA activities have been military, hundreds of humanitarian and small-scale development projects, such as digging wells, repairing schools, clinics and hospitals and conducting medical and veterinary clinics, were implemented in the past few years.

Announced in 2003 as a program of State, the East Africa Counterterrorism Initiative (EACTI) is a multi-year $100 million counter-terrorism initiative largely aimed at improving security operations in the Horn of Africa. This program is designed to complement CJTF-HOA. Operating in six countries, the program includes military training, aviation security, anti-money laundering support, police training, and education programs to counterterrorism. For FY 2009 the State Department is requesting funding for the East Africa Regional Security Initiative (EARSI), a new counter terrorism program based on TSCTP.

Counterterrorism programs in Africa are under the supervision of AFRICOM. AFRICOM is viewed as a shift in the military's approach to engaging Africa, moving from reacting to preventing conflict, promoting stability, and deterring terrorism. As part of a three-pronged approach, DOD takes the lead on security issues, but otherwise plays a supporting role to USAID and State. The military conducts small-scale development activities in areas where it operates, but this is a small part of its overall activities. Other agencies, including USAID and State, are integrated into its leadership and staff structure, with a State employee serving as the deputy commander.

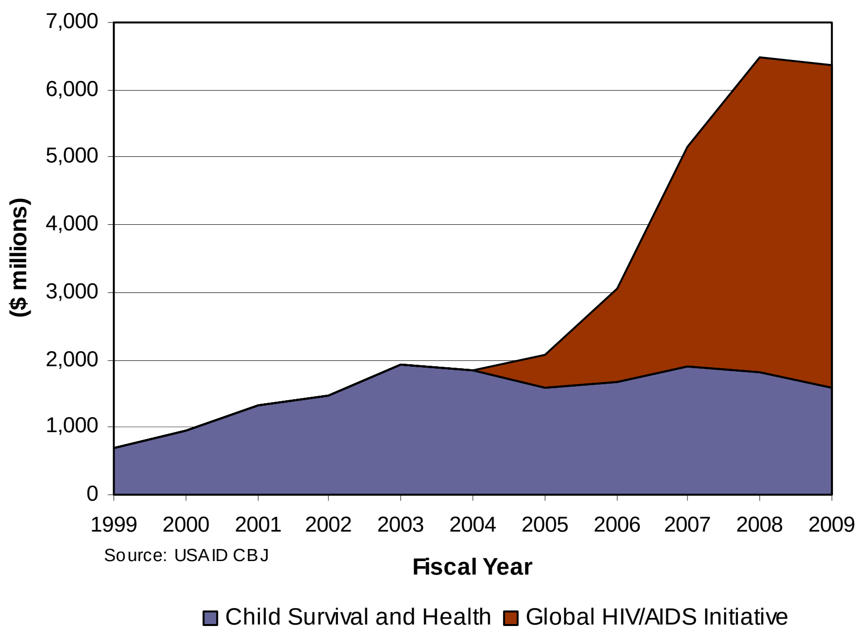
V. INCREASED FUNDING FOR HEALTH

Funding for the international health sector over the past decade has escalated. Between 2000 and 2006, worldwide spending for global health increased from $15 billion to $45 billion, a three-fold increase (Garrett 2009, 8). During this time the United States committed to a number of international agreements and commitments, such as achievement of the Millennium Development Goals by 2015 and the G8 Gleneagles pledge for universal access to HIV/AIDS treatment. New medicine and technology have created new life-saving drugs and the development of vaccines. New foundations such as the Bill and Melinda Gates Foundation have come onto the scene. International funding by U.S. grant makers more than tripled, reaching $884.3 million and capturing 21 percent of the total amount disbursed in 2007 (Foundation Center 2008, 9). Large global institutions such as the Global Fund for AIDS and the Global Alliance for Vaccines and Immunization were created and serve as clearinghouses for information, advocacy, and funding. The

Global Fund for AIDS, for example, disbursed $8.24 billion worth of grants from 2002 through early August 2009 (The Global Fund 2009, 162). Lastly, high-profile efforts such as the Live 8 concert and campaigns launched by the ONE organization have raised global awareness of devastating disease and the lack of health resources in developing countries.

Funding for U.S. international health programs has also increased. GHAI and CSH funding account for most of the U.S. Government international health program funding. In the late 1990s health funding was modest, although growing in response to the global AIDS epidemic. Funding for Child Survival and Health (CSH) programs, the primary health account for USAID, was $700 million in 1999. Since fiscal year 2005, funding exploded with the creation of the President's Emergency Program for AIDS Relief (PEPFAR). As indicated in Figure 1, total CSH and GHAI funding, the bulk of all U.S. ODA funding for the health sector, increased by 1,460 percent to nearly $6.5 billion in 2009.[17]

Figure 1. Total CSH and GHAI Funding
FY 1999 – FY 2009



Source: USAID CBJ

PEPFAR, similar to MCC, was touted as a new and different way of providing foreign assistance. Created by an act of legislation in 2004, the U.S. Government committed $15 billion over five years, including a $1-billion contribution to the Global Fund for AIDS. The legislation specifically outlined the three major components of PEPFAR and set targets: 1) prevention of seven million new infections, with a focus on "ABCs"[18]; 2) treatment of two million infected people through the provision of antiretrovirals (ARVs) and other drugs; and 3) care for 10 million people, including programs for the rising numbers of AIDS orphans and vulnerable children. Funding for each component was determined by a formula written into the legislation.

At the onset, 14 countries in Africa and the Caribbean were chosen as "priority countries." Accounting for almost 70 percent of the total population infected with HIV/AIDS, these countries are Botswana, Cote

[17] USAID Congressional Budget Justification 2002 and 2009.

[18] "A" is for abstinence; "B" is being faithful; and "C" is correct and consistent condom use.

d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia. Vietnam, the fifteenth country, was added to this list in June 2004. The cumulative five-year total funding for these focus countries reached $10.9 billion in FY 2008 (PEPFAR 2008).

In FY 2006, PEPFAR operated in 108 countries worldwide through bilateral and regional programming. Although funding for the fifteen focus countries has more than tripled, funding for other bilateral programs has remained relatively stable. Between FY 2004 and FY 2008, this funding ranged from $389 to $455 million per year. Many of the bilateral programs are quite small. In FY 2008, only eight countries were expected received over $10 million dollars in annual program funds: Cambodia, the Democratic Republic of Congo, India, Lesotho, Malawi, Swaziland, the Russian Federation, and Zimbabwe (PEPFAR 2009).

The Tom Lantos and Henry H. Hyde Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008 continues PEPFAR for another five years and authorizes $48 billion in funding, including $5 billion for malaria and $4 billion for tuberculosis. Targets written into the legislation include the following:

- Preventing 12 million new HIV/AIDS infections
- Caring for 12 million people living with HIV/AIDS
- Training 140,000 health care professionals and
- Treating 4.5 million patients with TB and diagnosing 90,000 multi-drug resistant cases.

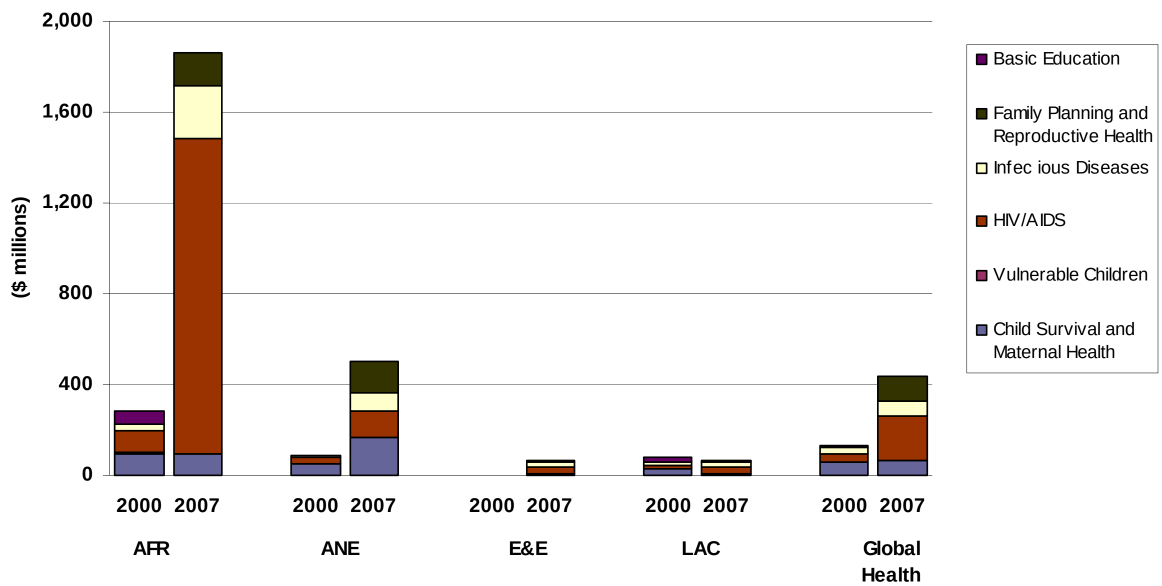
Unlike the previous legislation, the law does not include a hard target for the treatment of people living with HIV/AIDS or an earmark for abstinence. Other changes in the legislation are the expansion of monitoring, evaluation and operations research on gender and the inclusion of an impact evaluation to be conducted by the Institute of Medicine.

Child Survival and Health (CSH) funding for bilateral programs remains small relative to PEPFAR. CSH funds are estimated to account for roughly a quarter of a total bilateral health spending (GHAI and CSH) in FY 2009. CSH funds five major programs: infectious diseases, HIV/AIDS, child survival and maternal health, family planning and reproductive health, and vulnerable children. CSH also accounts for a large portion of USAID's budget and since 2001, CSH exceeded development assistance.[19]

Regional funding for health has also changed. As indicated in Figure 2, Africa has always been a priority. In FY 2000, the Africa region received roughly three times more money than each of the Asia and Near East (ANE) and the Latin American and Caribbean (LAC) regions. The Eastern Europe and Eurasia (E&E) Bureau received no CSH funds during the same year. In 2007, CSH funding for Africa dwarfed all other regions, being three times larger than ANE, and 28 times larger than each of E&E and LAC.

[19] U.S. International Affairs Budget 2000 through 2009.

Figure 2. CSH Funding by Region/Bureau
FY 2000 v FY 2007



Source: USA D Child Survival and Health Programs Fund Progress Report Fiscal Year 2000, 2007

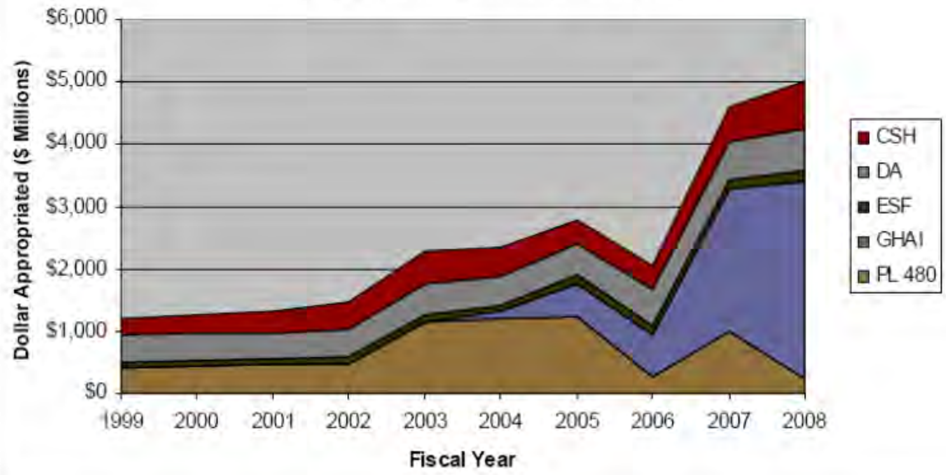
In 2007, Congress approved an appropriation that increased funding for USAID's child survival and maternal health programs by 25 percent ($90 million). USAID is targeting 30 priority countries to achieve four major goals to be achieved by 2013: an average reduction in under-five mortality of 25 percent; an average reduction in maternal mortality of 25 percent; an average reduction in child malnutrition of 15 percent in at least 10 of the priority countries; and an increase of at least 100,000 in the number of community health workers. Sixteen of the priority countries are located in Africa, nine in Asia, three in LAC, and one in E&E.

VI. FOCUS ON AFRICA

Over the last decade, Africa has become a major focus of the donor community. Not only has the U.S. more than quadrupled its foreign assistance to the subcontinent, but other bilateral and multi-lateral institutions, global funds, and private foundations have given enormous sums of money. Net ODA for Sub-Saharan Africa has increased by more than 50 percent from 1998 to 2007, rising from $15.8 billion to $24.5 billion in constant 2007 dollars (OECD 2009). The lessening strategic importance of Africa with the collapse of the Soviet Union resulted in a decrease in foreign assistance (excluding food aid) in the 1990s. However, interest began to grow in the late 1990s partially as a result of a series of high-level trips made by the Secretary of State, the First Lady and President Clinton, and continued to gain increasing prominence during the Bush Administration. As shown in Figure 3, appropriations for USAID programs in Africa quadrupled over the past ten years, increasing from roughly $1.2 billion for key accounts[20] in FY 1999 to $5.0 billion in FY 2008.[21]

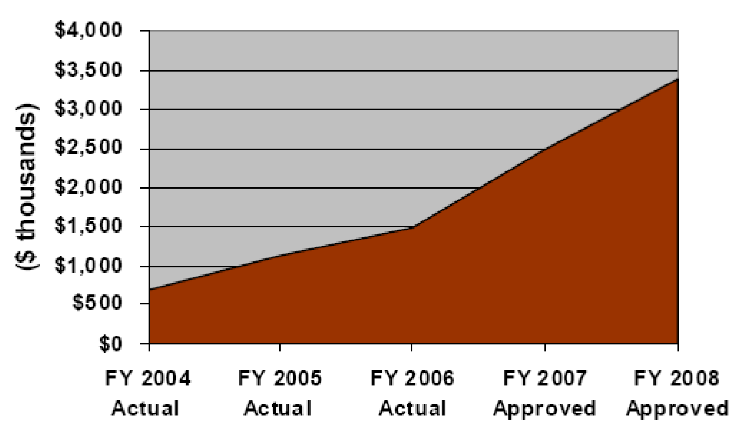
[20] Accounts used to calculate international assistance include CSH, DA, ESF, GHAI, and PL 480.
[21] USAID Congressional Budget Justifications for FY 2000 through FY 2009.

Figure 3. Africa Summary Budget



MCC and PEPFAR, by far, have had the biggest impact on U.S. foreign assistance to Africa. MCC, according to the Office of the United States Trade Representative, is the largest source of funding for trade capacity building in Africa. MCC holds eight compacts with Sub-Saharan countries: Madagascar (2005), Cape Verde (2005), Benin (2005), Ghana (2007), Mali (2007), Mozambique (2008), Lesotho (2009), and Tanzania (2009). Two additional compacts, Burkina Faso and Namibia, are expected to be signed in FY 2009. The total commitment will be almost $4 billion by the end of FY 2009. Although funding is staggered across a five-year span, this is still an extraordinary level of resources for some of these countries.

Figure 4. PEPFAR Funding to Focus Countries in Africa



Africa received over $4 billion dollars of U.S. assistance in 2008. PEPFAR, as described earlier, is the largest U.S. foreign assistance program. Of the 15 PEPFAR priority countries, 14 are located in Africa: Botswana, Cote d'Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia. These countries received anywhere from $93.2 million (Botswana) to $584.5 (South Africa) in FY 2008. Of the eight non-priority countries scheduled to receive $10 million or more during that same year, five were located in Africa. PEPFAR funding dwarfs all other bilateral aid for these focus countries. For example, GHAI funding accounts for almost all or 97 percent of funding for South Africa, 88 percent of funding for Kenya and 84 percent for Nigeria.

Other presidential initiatives brought new programs and funding to Africa. Initiatives focusing on trade and food security began in the late 1990s, but expanded to other sectors and increased in size during the Bush Administration. Some of these included new money and others were unfunded mandates, cobbling together different existing programs under a single rubric. In 1998 the Clinton Administration announced the Trade and Investment Initiative, part of the President's Partnership for Economic Growth and Opportunity, to help improve the legal and regulatory framework for trade and investment activities. During the same year, the Africa Food Security Initiative (AFSI) was created as a pilot program to increase rural incomes and reduce malnutrition by increasing agricultural production, improving market efficiency and access, and expanding agricultural trade and investment.

The Bush Administration expanded U.S. support for economic development in Africa with the signing of the African Growth and Opportunities Act (AGOA). AGOA promotes opening markets, expanding U.S. trade and investment, stimulating economic growth, and facilitating the integration of sub-Saharan Africa into the global economy (US Office of the Trade Representative 2008, 7). Between 2001 and 2007, the United States provided $1.6 billion in capacity-building assistance to sub-Saharan Africa, including $505 million in FY 2007 alone (US Office of the Trade Representative 2008, 7). Under AGOA, the African Growth and Competitiveness Initiative (AGCI), a five-year, $200 million program, was launched to promote the export competitiveness of enterprises in Sub-Saharan Africa.

Throughout the last eight years other initiatives—for education, the environment, food security, health and counterterrorism, for example—were created. In 2002 the African Education Initiative (AEI), a $600-million effort, was created to improve basic education across the continent. Five years later, the President announced the President's International Education Initiative (PIEI) for Mali, Ethiopia, Ghana, and Liberia, as part of a larger five-year $525-million initiative. Environmental support for Africa included the Congo Basin Forest Partnership, a three-year, $53-million initiative, and the Water for the Poor Initiative, including a six-year, $45-million public-private partnership in West Africa. Building on the earlier pilot initiatives, the President's Initiative to End Hunger in Africa (IEHA) was created in 2002 to improve food security by increasing agricultural productivity and rural incomes. According to a September 18, 2008, fact sheet for the Department of State (DOS EEBA 2008), the program provided approximately $200 million per year in 2006 and 2007 for food security and agricultural development.[22] The President's Malaria Initiative (PMI), a five-year, $1.2 million year program, was established in 2005. It provides support to eradicate the disease in fifteen countries in Sub-Saharan Africa, where 85 percent of all vulnerable populations live. Following the bombings of the U.S. embassies in Tanzania and Kenya in 1998, the U.S. expanded its counter-terrorism and stabilization efforts through such initiatives as the Pan-Sahel Initiative (PSI) which morphed into the Trans-Sahara Counterterrorism Partnership (TSCTP) in West Africa and the Maghreb, a $100 million initiative. The East Africa Regional Initiative, and its predecessor EACTI, also have development assistance components. Although AFRICOM has spent relatively small funds to-date (e.g., $34 million in 2007) on development activities,[23] its presence seems much greater as it takes the lead in security issues in the continent as part of the "three Ds." A recently announced initiative is the creation of five new private equity investment funds supported by the Overseas Private Investment Corporation (OPIC). With a target capitalization of $875 million, these funds are designed to invest in a variety of sectors vital to Africa's economic development, including health care, housing, telecommunications, and small and medium enterprises (US Office of the Trade Representative 2008, 46).

VII. AID EFFECTIVENESS

In an effort to address rising criticism regarding the effectiveness and utility of donor assistance to developing countries, the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) organized the Rome High Level Forum on Harmonization in 2003. At this meeting, donor agencies committed to work with developing countries to better coordinate and streamline aid. Two years later, in 2005, the DAC created the Working Party on Aid Effectiveness and Donor Practices

[22] According to a May 8, 2008 CRS Report (Order Code RL34478) funding for IEHA was estimated to be $47 million in FY 2006, the latest data available.
[23] Interview with Bill Anderson, January 19, 2009.

to promote, support and monitor progress on harmonization and alignment. Later that year, DAC held the Second High Level Forum on Aid Effectiveness, which culminated in the Paris Declaration, endorsed by 22 donors and 56 partner country governments. The intended goal of the Paris Declaration is to "increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity, and accelerating achievement of the Millennium Development Goals (Paris 2005)." Because it set forth concrete actions for donor and recipient countries, established indicators, and created "stronger mechanisms for accountability," the Paris Declaration is considered a watershed moment for aid effectiveness.

The Paris Declaration is organized around five key principles:

- Ownership by partner countries—Developing countries set their own strategies for reducing poverty, improving their institutions and tackling corruption;
- Donor alignment—Donor countries align with developing country strategies and objectives and use local systems;
- Harmonization of donor aid—Donor countries coordinate, simplify procedures and share information to avoid duplication;
- Managing for results—Developing countries and donors shift focus to development results and results get measured; and
- Mutual accountability—Donors and partners are accountable for development results (OECD 2006).

The Third High-Level Forum on Aid Effectiveness in 2008 produced the Accra Agenda for Action (AAA). The AAA is based on an overall review of implementation of the Declaration and responds to emerging issues. The outcome of the meeting was to reaffirm host-country ownership, to focus on building relationships with middle-income countries (e.g., China), to build the capacity of local civil society, and to collaborate with the sector and other international non-governmental organizations including the global funds and the Gates Foundation. The meeting also emphasized the untying of aid.

The U.S. Government's response to the Paris Declaration has been uneven. The clearest demonstration of the U.S. Government's commitment to the Paris Declaration—in the larger picture—is improved aid effectiveness. As for specific Declaration principles, the U.S. Government clearly endorses country ownership, donor alignment with country strategies, and managing for results. In 2008 USAID published *The United States' Commitment to Aid Effectiveness: Case Studies,* one of the few documents that describe the government's efforts to increase aid effectiveness and harmonization over the past eight years. In 2001, President Bush established the International Development Policy Coordination Committee under the National Security Council (NSC), chaired by the Secretary of State. In turn, the Committee convened an Interagency Working Group on Aid Effectiveness. This body ensures that efforts to implement the measures of the Paris Declaration are consistent government-wide policies on aid effectiveness issues. One result of its work was the adoption of the Inter-agency Aid Effectiveness Action Plan in 2007. The 2008 report highlighted U.S. efforts and provided examples of progress. One example from the report is the coordination of government assistance through the consolidated Country Assistance Strategy at the country level, at the time being piloted. Another example was the development of the Foreign Assistance Framework and implementation of the F process. A third example is MCC, which aligns its programs with national development priorities. To support the Paris Declaration, USAID issued comprehensive guidance to all of its field missions in 2006. Missions were urged to participate in Joint Country Assistance Strategies and Harmonization Action Plans.

The U.S. Government, however, has not supported fully the Paris Declaration. More specifically, current U.S. policy endorses "most of the targets set by the Declaration except those relating to country public financial management and procurement systems (US Mission to OECD, 2009)." In other words, the U.S. has not joined many DAC country donor agencies in the movement towards pooled funding and direct budgetary support to recipient countries. It does not appear at this time that the U.S. is interested in shifting its position on these issues.

It is important to recognize that the Paris Declaration, though receiving broad support and generally positive reviews, has also drawn criticism. There are concerns that implementation of some of the Declaration's principles, such as mutual accountability, is inconsistent and is moving too slowly. Some recipient governments see mutual accountability as conditionality under a different guise. Some civil society organizations have expressed concern that development assistance is being concentrated in central governments as the donors move away from project-based aid toward pooled funding and direct budgetary support of large government programs. Other criticisms, as noted in the 2006 memorandum published by International NGO Training and Research Center (INTRAC), include the lack of institutional capacity, unpredictability of AID flows in the field, and the mismatch between global initiatives and national development agendas and corruption (Lonnqvist 2006, 2).

Taken as a whole, the Paris Declaration—and the focus on aid effectiveness and better donor and donor-partner coordination that it embodies—has had a substantial impact on the organization and delivery of development assistance. This impact has been most widely felt outside the borders of the United States: pooled funding, the move towards general budgetary support, and the resulting shift away from projects are the most dramatic aspects of this impact. Inside the United States, the impact is best understood in terms of continuing and expanding focus on managing for (development) results and improved coordination with partner countries and donors on country development strategies and objectives.

VIII. GROWING NUMBER OF PRIVATE ACTORS IN FOREIGN ASSISTANCE

When considering recent trends and changes in the organization and delivery of foreign assistance, it is necessary to look beyond official development assistance (ODA) and U.S. Government programs and projects. Though substantial and important changes to the U.S. Government foreign assistance program have been much in evidence since 1999, the role of non-U.S. Government financial flows from the U.S. is one of the more important developments in the overall foreign assistance picture.

It is important to note that the global financial crisis (GFC) has substantially affected the volume of private financial resources moving to developing countries. The impact of the GFC is examined in greater detail at the end of this report. It is instructive, however, first to review the long and medium-term trends in private resource flows from the U.S. to the developing world, both to have a broader view of overall trends and to provide a context for understanding the impact of the GFC.

Although estimates vary substantially across sources due to differing definitions and methods of calculation, it is clear that private flows from the United States to developing countries have increased rapidly in recent years. Private flows moved from an estimated $94.9 billion in 2003 (USAID 2007) to an estimated $168.6 billion in 2006 (Center for Global Prosperity 2008, 17).

This dramatic short-term spike in private flows reflects a longer-term, if more gradual, historical trend. Over the past four decades, the ratio of public-private financial flows to developing countries has reversed. In 1969, approximately 70 percent of resource flows from the U.S. to developing countries were delivered through ODA, with the remainder coming from private sources (USAID 2007). As Table 3 below indicates, in 2005 private sources accounted for well over 80 percent of total U.S.-based financial flows to developing countries.

Table 3. U.S. Financial Flows to Developing Countries

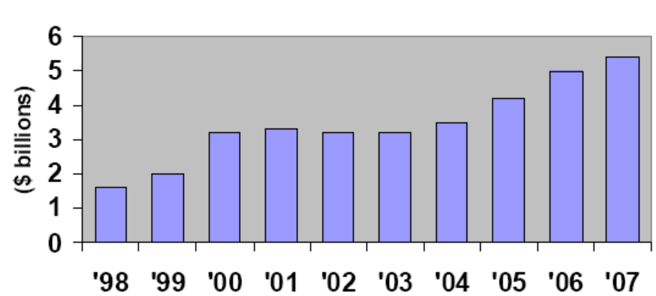
Category	2003 (U.S. $ billion)	2005 (U.S. $ billion)	2005 (percent of Total)
Public Flows – ODA	17.7	27.6	16.8
Private Flows	94.9	136.6	83.2
Foundations	3.2	2.2	1.3 percent
Corporations	1.2	.8	0.5 percent
NGOs/PVOs	2.9	13.4	8.2 percent
Religious Organizations	7.5	5.4	3.3 percent
Universities and Colleges	2.3	4.6	2.8 percent
Remittances	27.9	41.0	25.0 percent
FDI & Net Capital Mkts	51	69.2	42.1 percent
Total	**112.6**	**164.2**	**100 percent**

Remittances and private capital flows are clearly the dominant categories of U.S. financial flows and tend to skew the picture, particularly with respect to foreign assistance. U.S. ODA supports programs and projects that directly address challenges related to health, education, governance, poverty, and so on. Foreign direct investment (FDI) and remittance flows, on the other hand, do not identify these issues as their driving rationale, though they undoubtedly have impact on a broad range of development challenges. However, even when remittances and private capital flows are removed from the equation, i.e., when looking only at private philanthropy, which is similar to ODA in that it directly targets issues of development, the growing role of private flows is still readily apparent. By 2006, as estimated by the Hudson Institute's Center for Global Prosperity, philanthropic flows from private U.S.-based organizations had reached $34.8 billion, as compared to 2006 ODA levels of $23.5 billion (Center for Global Prosperity 2008, 17).

Taken as a whole, the ramp up in U.S. private financial flows to the developing world has forced planners and managers of U.S. Government international development programs to innovate. USAID recognized the importance of private sector flows to developing countries when it established the Global Development Alliance (GDA) in 2001 to foster public-private partnerships with the aim of improving social and economic conditions in developing countries. In 2005, USAID's GDA office stated, "The fundamental realignment of monetary flows underscores the importance of building public-private alliances to achieve development impact, reduce widespread poverty, and help sustain democratic, well-governed states (USAID 2007)."

A. FOUNDATIONS

Figure 5. Estimated International Giving by U.S. Foundations



Though a growing number of foundations have allocated higher levels of funds to international development projects in recent years, the role of foundations in development has a long history. Perhaps the most well known development initiative supported by foundations was the "The Green Revolution." The Rockefeller and Ford Foundations were the main supporters and funders of this series of coordinated activities aimed at creating agricultural transformation through research and development of new seed varieties and growing methods, and the strengthening of agricultural extension systems. The activities that constituted the Green Revolution also represent one the earliest and best examples of collaboration between public and private actors to address key development challenges.

As noted above, the role of foundations in development has been expanding. As shown in Figure 5, in 1998 U.S. foundations gave an estimated $1.6 billion to international causes. By 2007, the most recent year for which data are available, foundation giving had increased to $5.4 billion (Foundation Center 2008, 2). Interestingly, much of this increase took place from 2005 to 2007. After substantial growth leading up to 2000, international giving by foundations was essentially static at $3.2 billion through 2003.[24] From 2003 to 2007, however, international grant making increased to $5.4 billion, a jump of approximately 70 percent. Furthermore, the growth in international giving by foundations has substantially outpaced increases in domestic giving. The Foundation Center estimates that international giving from 2002 to 2007, adjusted for inflation, rose by nearly 50 percent, far exceeding a 22.3 percent rise in overall giving over the same time period. This increase was paralleled by a jump in the portion of the value of all grant making that was international, from approximately 14 percent in 2002 to an estimated 22 percent in 2006.

In addition to the overall and relative growth of international funding by foundations, it is also helpful to consider some of the characteristics or patterns that constitute this broader growth. As Table 4 clearly indicates, the Bill and Melinda Gates Foundation is the dominant actor with regard to international giving by foundations. The increase in international grant making by Gates from $525.8 million in 2002 to nearly $2 billion in 2006 explains the majority of the overall growth. However, if one excludes Gates from the analysis, the growth of international giving would still have outpaced overall giving from 2002 to 2006. The influence of the Gates Foundation is also evident in the sectoral and regional foci of international foundation monies. The health sector received 43 percent of foundation grants in 2006 ($1.8 billion) and for those grants targeting

Table 4. Top Ten Foundations by International Giving, 2006

Foundation	# of Int'l Grants	Total Value of Int'l Grants	% of Total Int'l Grants	% Change in Int'l Giving 2002-2006	Int'l as a % of All Giving
Bill & Melinda Gates Foundation	225	$1,974,394,112	46.9	275.5	78.5
Ford Foundation	1,133	287,292,983	6.8	(11.5)	54.3
William & Flora Hewlett Foundation	221	116,270,389	2.8	102.5	42.2
Gordon & Betty Moore Foundation	100	105,357,068	2.5	634.1	45.6
Rockefeller Foundation	157	104,260,109	2.5	26.6	74.8
John D & Catherine T MacArthur Foundation	266	100,018,412	2.4	62.4	53.8
Starr Foundation	76	88,174,314	2.1	67.6	21.5
W.K. Kellogg Foundation	202	74,322,749	1.8	31.4	26.1
Susan Thompson Buffet Foundation	37	60,939,256	1.4	388.3	60.9
David & Lucille Packard Foundation	197	57,367,347	1.4	9.0	31.3

[24] The Foundation Center lists three principle reasons for three years of little or no growth in international funding: (a) the stock market decline caused by the technology center meltdown; (b) the terrorist attacks of September 11, 2001; and (c) a brief recession.

specific countries or regions, Sub-Saharan Africa was at the top of the list. Gates Foundation grants, such as those supporting the Global Alliance for Vaccines and Immunizations (GAVI) explain a significant amount of this movement, but these trends hold for non-Gates funding as well (Foundation Center 2008, 3-9).

The growing importance of foundations in foreign assistance is not related solely to the increased levels of funds they are moving and applying to development challenges. In addition, and arguably of equal importance, is the innovative nature of foundations. Foundations have greater flexibility in their use of funds and they can target projects and programs that pilot new approaches or tackle longstanding problems with emerging technologies. In short, they are able to operate more as risk takers. With some exceptions, bilateral and multilateral development organizations are, by contrast, large bureaucracies that are risk-averse due to broad public accountability, relevant statutory requirements, etc. Foundations may not have the reach to independently apply "solutions" on a global scale, but they have the flexibility and innovative ethos to discover and develop the solutions in the first place and to act as a catalyst for broader action. A recent example of these capabilities and—an illustration with links back to the role of foundations in the Green Revolution of the 1950s and 1960s—is the Alliance for a Green Revolution in Africa (AGRA). The Rockefeller and Bill and Melinda Gates Foundations came together to create AGRA as an African-led partnership working across Africa to "develop practical solutions to significantly boost farm productivity and incomes for the poor while safeguarding the environment (AGRA 2009)." It is these types of initiatives that highlight the critical and on-going role of U.S. foundations in international development.

B. CORPORATIONS

Similar to foundations, U.S. corporations have been involved in international development efforts for many years, and often act as a catalyst for collaboration between numerous and varied organizations. An often cited example that serves as a useful illustration of this point is Merck Pharmaceuticals' Mectizan Donation Program (MDP) to fight river blindness (onchocerciasis). Launched in 1987 through a Merck contribution to cover the cost of producing and transporting the drug ivermectin (a Merck product effective in treating river blindness), MDP brought together a large group of collaborating organizations including the World Health Organization (WHO), the World Bank, the Centers for Disease Control (CDC), USAID, the Carter Center, over 20 private and voluntary organizations, and community-based distributors (Adelman 2007, 24-25). By directly engaging organizations involved in all aspects of the effort—from development and transportation of the medicine, to in-country distribution, to outreach and education—MDP has succeeded in preventing an estimated 600,000 cases of river blindness in West Africa (Adelman 2007, 11).

Deriving a clear picture of the trends and patterns of corporate support for international development is somewhat complicated by the fact that none of the organizations that track corporate philanthropy attempt to capture the full range of corporate giving, whether it be domestic or international. In addition, those organizations that track elements of corporate giving, or produce their own estimates of such flows, use different definitions and formulas to derive their numbers. The GDA, for example, uses a very conservative approach, focusing only on cash contributions and choosing to ignore in-kind contributions.[25] Using this method, GDA estimated corporate giving in support of international development at $800 million in 2005 (USAID 2007). By contrast, the *Center for Global Philanthropy* (CGP) does incorporate in-kind contributions in its estimate of corporate support for international development. This distinction is particularly important because in-kind contributions are the single largest form of corporate giving, in large part due to pharmaceutical donations. The *Center for Global Philanthropy,* using its method of calculation, estimated corporate giving in support of international development at $5.1 billion in 2005 and $5.5 billion in 2006.

[25] GDA adopted this approach to calculating corporate giving in order to, "maintain a conservative approach and avoid relying heavily on estimated values of in-kind giving."

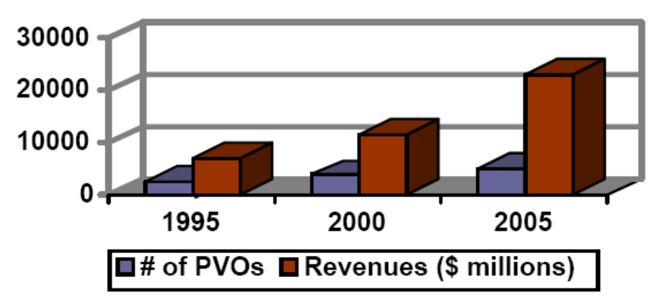
Despite the lack of consistency across estimates, several observations related to corporate support for international development can be made:

- Trends are up: Though data sources vary, by looking at a sample of the available numbers—and tracking the trends of specific estimates over time—a reasonably clear pattern of increasing value of international corporate giving emerges. For example, *Changing Our World* estimates that international corporate giving increased three-fold between 1987 and 2001, from $160 million to $0.5 billion. The *Partnership for Quality Medical Donation*s (PQMD) estimated corporate medical product donations, nearly 90 percent of which go to developing countries, at "just under $6 billion for 2004 and 2005." PQMD's estimate for 2006 was $3.35 billion and for 2007, $4.24 billion; taking 2006 and 2007 together, medical product donations reached $7.59 billion, an increase of more than 25 percent over the preceding two-year period.
- Health is the focus of corporate giving: The PQMD numbers presented above make this point somewhat self-evident. However, even beyond medical product donations, the health sector attracts the lion's share of financial support from corporations. The *Committee Encouraging Corporate Philanthropy* (CECP) estimates that approximately 30 percent of international corporate giving in both 2006 and 2007 was focused on the health sector. (Education was next at approximately 15 percent for both years.)
- International giving as a share of overall corporate giving is modest. CECP estimates that 13.5 percent of corporate giving in 2007 addressed international issues, up slightly from 12 percent in 2006.
- Similar to trends across all sub-sectors of private philanthropy supporting international development, corporations are finding new and innovative ways to support positive development results. CGP points to fair-trade practices as one illustration of this trend. Fair-trade corporations engage in more sustainable production practices with improved remuneration for workers. While this represents a significant development contribution in and of itself, many fair-trade corporations also provide financial support focused on development issues relevant to the company and/or their workers.

C. PRIVATE AND VOLUNTARY ORGANIZATIONS (PVOS)

Consistent with overall trends in private philanthropic flows, revenues from PVOs in support of developing country initiatives have increased substantially over the past decade. *The Urban Institute's National Center for Charitable Statistics* (NCCS) estimates that the number of public charitable organizations directly supporting international and foreign affairs increased from 2,471 in 1995 to 5,075 in 2005. (See Figure 6.) The revenues of these organizations grew from $7.0 billion to $22.8 billion over the same time period (Kerlin 2006, 5).[26]

Figure 6. Trends in the Number and Revenue of PVOs 1995-2005



It is important to note that all of the organizations captured by these numbers do not work directly on development issues. (2003 estimates by NCCS indicate that approximately 74 percent of the organizations and 89 percent of the revenues directly address international development issues.) In addition, double counting can be a problem when trying to disaggregate flows from foundations,

[26] In a 2006 policy brief entitled, *The International Charitable Nonprofit Subsector,* the Urban Institute increased its estimate of nonprofits working in the international arena to approximately 5,600 and further noted that approximately 4,100 of these organizations worked in international development.

corporations and the U.S. Government. Despite these limitations, the trends are clear and fairly dramatic. The Center for Global Prosperity and GDA have both conducted analyses aimed at more clearly defining the portion of these charitable flows that are directly attributable to PVOs' work in international development. CGP's calculations estimate that $12.8 billion moved from PVOs to developing countries in 2006 (Kerlin 2006, 2), while GDA, whose most recent published estimates are for 2005, show PVO flows of $13.4 billion (Center for Global Prosperity 2008, 17).

Beyond this important observation—i.e., that flows from PVOs to international development have increased substantially over the past decade—there are additional points of relevance worth noting:

- International relief efforts were the primary focus of PVOs, with approximately 36 percent of funds allocated to support these activities. The health sector was second, attracting approximately 14 percent of PVO funds (Kerlin 2006, 5).
- More than 40 percent of all region-specific international grant dollars awarded to U.S.-based international programs were targeted to benefit Sub-Saharan Africa (Foundation Center 2008, 6).
- Though the U.S. Government and USAID work most frequently with large PVOs (e.g., in 2003 more than 50 percent of the 391 nonprofits receiving U.S. Government funding had annual revenues of more than $2 million), NSSC estimates that 75 percent of the nonprofits involved in international work are "small," defined as having annual revenues of less than $500,000 (Kerlin 2006, 3).
- U.S. PVOs often work directly with host country NGOs, thereby helping build the capacity of the local organizations.

The preceding discussion speaks to a dramatic change in the sources and nature of financial flows to developing countries over the past three decades, and more specifically, over the past ten years. The context within which the U.S. Government's foreign assistance program operates has shifted and that shift calls into question the function, structure and management of U.S. foreign assistance. This point is well made in the paper, "Foreign Assistance: What Works and What Doesn't with Recommendations for Future Improvements":

> "Not only has the commercial world changed, but whole new streams of private philanthropy have been created and now represent significant flows of resources to development. Moreover, whole new approaches to the funding of community development through corporate partnerships have emerged. Foreign assistance (ODA) is now one of but many sources of international resource transfer to the developing world. Moreover, for the United States, it is one of the smallest (Center for Global Prosperity 2008, 43)."

IX. THE CONVERGENCE OF USAID AND THE STATE DEPARTMENT

The relationship between USAID and the State has evolved in both form and function over the past decade. Beginning in 1998, when USAID was placed under the authority of State, planning, management, funding and implementation of foreign assistance have become more enmeshed over time. A number of key policy documents produced by the Administration and USAID served as the underpinnings for this change. Starting with the National Security Strategy and the notion of the three Ds (development, diplomacy and defense) and ending with the creation of the F Bureau in the State Department, the way foreign aid is designed and delivered by USAID has become more centralized and, in some ways, more political.

During the second Clinton Administration, reforming foreign assistance was debated, and consideration was given to merging USAID into State along with the U.S. Information Agency and the Arms Control and Disarmament Agency. USAID remained independent after the merger in 1998, but became a statutory agency with the USAID Administrator under the direct authority of the Secretary of State. The two agencies began collaborating and coordinating in areas such as policy, budget and implementation processes. In 2000, State issued the *U.S. Strategic Plan for International Affairs*, which incorporated the work of USAID under seven strategic goals. USAID also published its own strategy, *USAID's Strategy for Sustainable Development* in 2000.

In 2004 USAID published a white paper, *U.S. Foreign Aid: Meeting the Challenges of the Twenty-First Century*, which had a strong influence on how foreign assistance would eventually be delivered under the reorganization announced in 2006 and the subsequent "F Process". At the forefront was the concept of transformational development: the objective of U.S. foreign assistance would be the creation of strong, stable and secure partners no longer reliant on foreign assistance. Countries would attain "their own prosperity and assume responsibility for their own security (USAID 2004b, 14)." In addition to transformational diplomacy, the white paper identified four additional core operational goals:

- Strengthening fragile states;
- Providing humanitarian assistance;
- Supporting U.S. geostrategic interests, particularly in countries such as Iraq, Afghanistan, Pakistan, Jordan, Egypt and Israel; and
- Mitigating global and international ills, including HIV/AIDS.

The paper also described the changes that were occurring at that time, such as increased coordination between State and USAID through creation of the Joint Management Council and the Joint Policy Council, and the development of a joint Strategic Plan, coordination with the MCC, the development of a USAID Fragile State Strategy, and resource rationalization.

A. USAID AND STATE JOINT STRATEGIC PLANS

In 2003 USAID and State issued their first joint strategic plan. The five-year plan aligned foreign policy and development assistance with the *National Security Strategy*. The overarching goals of the strategy were as follows: 1) achieve peace and security; 2) advance sustainable development and global interests; 3) promote international understanding; and 4) strengthen diplomatic and program capabilities. A revised joint strategic plan was issued two years later, incorporating transformational diplomacy, the F process and the new strategic framework.

Transformational diplomacy was first outlined in a series of speeches by Secretary Rice in January 2006. Its goal is "to work with our many partners around the world to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system (Rice 2006)." In the first speech, a number of changes to the diplomatic corps and offices in State were proposed, including the global repositioning of diplomats, increased training, new diplomatic tools, expansion of S/CRS, and provision of political advisors to the military forces.

In the following speech, Secretary Rice turned her attention to the delivery of aid. "Foreign assistance," she stated, "is an essential component of our transformational diplomacy (Rice 2006)." To improve the delivery of foreign assistance, better align it with U.S. foreign policy goals, and increase accountability, Secretary Rice announced the creation of the Office of the Director of Foreign Assistance (DFA) and the appointment of Randall Tobias to fill the position.

Transformational diplomacy brought swift and far-reaching changes to USAID. The DFA reports directly to the Secretary of State with a rank equivalent of an undersecretary and concurrently serves as the USAID

Administrator. The DFA is charged with overseeing the development and implementation of a coordinated U.S. foreign assistance strategy and the consolidation of policy, budget and program implementation mechanisms across the two bureaucracies. The DFA also coordinates foreign assistance programs implemented by other agencies and departments, including the MCC, the Department of Treasury, and the Peace Corps.

The Office of Foreign Assistance was created through congressional notification in April 2006. Otherwise known as the "F" Bureau, the Office is located in State and houses some sixty employees, drawn mostly from USAID. Upon its creation, the F Bureau began undertaking major programmatic reform, including the creation of the Foreign Assistance Framework and the implementation of annual operational planning and reporting.

The Foreign Assistance Framework, based on previous analytic work of USAID, categorizes specific foreign assistance objectives and links their achievement to integrated budgeting. It is designed to serve as "a roadmap to establish goals and performance measures, and to guide country teams in defining activities that will achieve those goals (CRS 2006, 7)." Countries are grouped into five categories of development: rebuilding, developing, transforming, sustaining partnership, and restrictive. Depending on its specific category, each country receives different types of foreign assistance in the areas of peace and security, governing justly and democratically, investing in people, economic growth, and humanitarian assistance. A sixth category, global or regional initiatives, was created for "activities that advance the five objectives, transcend a single country's borders, and are addressed outside a country strategy (DOS, 2007)."

B. OPERATIONAL PLANNING AND REPORTING

To implement the new framework, the F Bureau unveiled a new system for integrated planning and reporting in 2006. Based on the Foreign Assistance Framework and tied to the Mission Strategic Plan, country teams would develop annual operational plans, which link programming to the position of a country within the framework, and link activities to funding and performance measures. Operational Plans would "provide a comprehensive, interagency picture of all foreign assistance resources planned for implementation in-country and the utilization of those resources in support of transformational diplomacy (U.S. Senate 2008a)." The timetable for rolling-out the new system was short: By January 2007, every country where foreign assistance was delivered would have an operational plan.

Performance measures, for the most part, have been standardized. Foreign Assistance objectives defined by the framework are categorized and broken down into program areas, program elements and program sub-elements. Indicators are designed to track the way foreign assistance is being spent across objectives and provide a means for rolling-up and reporting data across all countries and programs. Countries are responsible for identifying and reporting on indicators linked to activities at the element level. The F Bureau is responsible for measuring progress for each country and sector. Separately, Missions can report custom and context indicators at their discretion as part of their performance management systems by which they manage for results.

During the last decade foreign assistance has become an explicit part of the decision-making process for foreign policy. The creation of the Office of the Director of Foreign Assistance and the joint strategic framework has completely changed how foreign aid is organized, funded and delivered by USAID and State.

X. GROWTH OF ALLIANCES

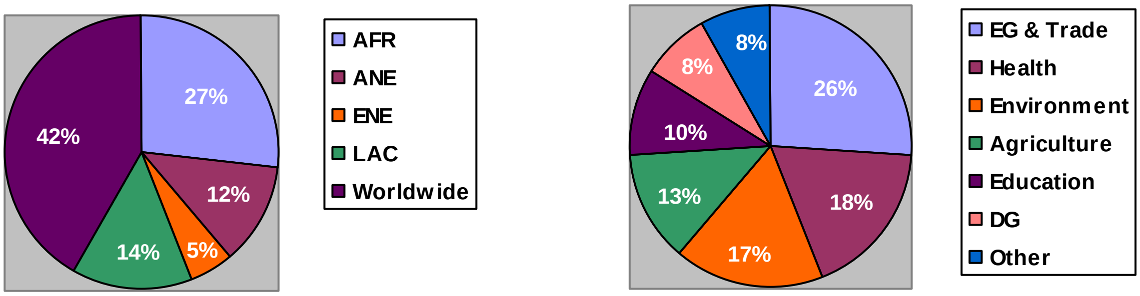
As noted earlier, over 80 percent of current resource flows to developing countries originate from private sources, a complete reversal of the ratio that was in evidence three decades earlier. In recognition of the growing and preponderant importance of private flows, the GDA was established by USAID in 2001. In its work during the 70s, 80s and 90s, the Agency frequently established effective partnerships with a range of organizations—U.S. PVOs, land grant universities, bilateral and multilateral donor agencies, to name a few—but generally had not explored partnerships with private firms, corporate foundations and other private-sector organizations. Understanding the potential of these private actors to contribute meaningfully to development objectives, and recognizing the value the Agency can bring to private firms and entities operating in the developing world, USAID developed and launched the GDA business model. At its inception, USAID hoped that GDA would (a) allow U.S. Government funds to leverage private sector financing, technologies and support, to increase the effectiveness of USAID-managed projects and programs and (b) increase the long-term sustainability of improvements due to the long-term presence and stability of private sector actors.

Though a recent evaluation highlighted a number of issues for the GDA to consider as it continues to grow and innovate, by most measures, the GDA has been highly successful to date. In FY 2002, the GDA's first year of operation, 84 alliances were funded with $223 million. These alliances leveraged approximately $1 billion in partner funds. In 2003, the numbers were similar: approximately 100 alliances were funded with $250 million of public funds, leveraging slightly more than $1 billion in partner monies (USAID 2004a, 3). The most recent numbers available indicate continuing success in the development and use of public-private alliances at USAID. Through the summer of 2008, "680 alliances (had been) formed with over 1,700 distinct partners, leveraging more than $9 billion in combined public-private sector resources (leveraging on average $2.7 of private sector dollars for every $1 dollar of U.S. taxpayer's money) (USAID 2009a)."

In addition to the impressive volume of funds that USAID has leveraged through its public-private partnerships, it is also worth noting that the Agency has effectively engaged the range of actors that are delivering increased private financial flows to developing countries. Though it has been difficult to obtain more recent data, the numbers from the public-private alliances formed in FY 2002 and 2003 are illustrative. Of the 700 organizations participating in the nearly 200 alliances with the Agency during the two-year timeframe, 215 were private businesses, 179 NGOs, 67 foundations, 61 trade associations, 50 "higher learning" organizations, and five regional organizations (USAID 2005, 4).

Finally, it is important to note that the GDA business model has produced public-private alliances between USAID and its partners that fully span the geographic and sectoral reach of the Agency. The charts included in Figure 7 reflect a "sample" of 523 alliances that were engaged through 2007. As highlighted by the charts, Africa is the region that has benefited from the largest volume of resources contributed by alliances (after worldwide programs), while economic growth and trade programs constitute the largest share by sector.

Figure 7. Public-Private Alliances – Resources Distributed by Region and Sector (USAID 2008a)



Non-ODA financial flows will continue to be an important—and likely increasingly important—component of international development efforts for the foreseeable future. Acknowledging this near certainty, and recognizing the effectiveness of the GDA business model in engaging non-traditional partners in public-private alliances, USAID appears committed to building on the success of GDA. In 2008, the outgoing USAID Administrator Henrietta Fore called for a tripling of resources that are leveraged through global development alliances and stated, "Expanding and deepening public-private partnerships in every sector is one of my highest priorities at USAID. These partnerships will deliver innovation and results for decades to come (USAID 2008c, ii)." The challenge for USAID, and all other U.S. Government agencies involved in the delivery of U.S. foreign assistance, will be to continue to build on the innovations introduced by GDA, to adapt and be responsive to a changing set of non-government actors using non-traditional modalities to attack a moving set of problems and issues in the developing world.

XI. EXPANSION OF PRESIDENTIAL INITIATIVES[27]

Presidential initiatives are not necessarily a new trend; however, the number and size have grown substantially during the last decade. Presidential initiatives typically reflect the Administration's policy, with many of them being announced during or after international meetings and summits such as the G-8 or the Monterey Conference. It is difficult to find concise information on these initiatives, except for 2003 and 2004 when USAID published a comprehensive report. Between 2002 and 2008, some 23 initiatives were announced.[28] Even though most were designed to be interagency programs, USAID played an important role in funding and administering these programs. During the past decade the initiatives have shifted in regional focus from Southeast Asia and South Asia to Africa. Although initiatives have tended to fund a multitude of sectors in USAID's portfolio, the bulk of the funding has moved away from the environment and good governance toward health. Education and trade have remained a priority throughout the decade.

Some of the initiatives launched or implemented during the Clinton Administration aimed at Asia included the South Asia Regional Initiative for Energy (SARI/Energy), the U.S. Asia Environmental Partnership (USAEP), and the Accelerating Economic Recovery in Asia (AERA). SARI/Energy was launched in 2000 to promote energy security in South Asia and South East Asia. The USAEP program was founded in 1992 as a presidential initiative and had authorized funding of $100 million for 10 years. AERA was a five-year initiative that addressed weaknesses in countries' economic and governance systems in response to the 1997 financial crisis. In FY 2001, USAID allocated $12 million for this initiative.

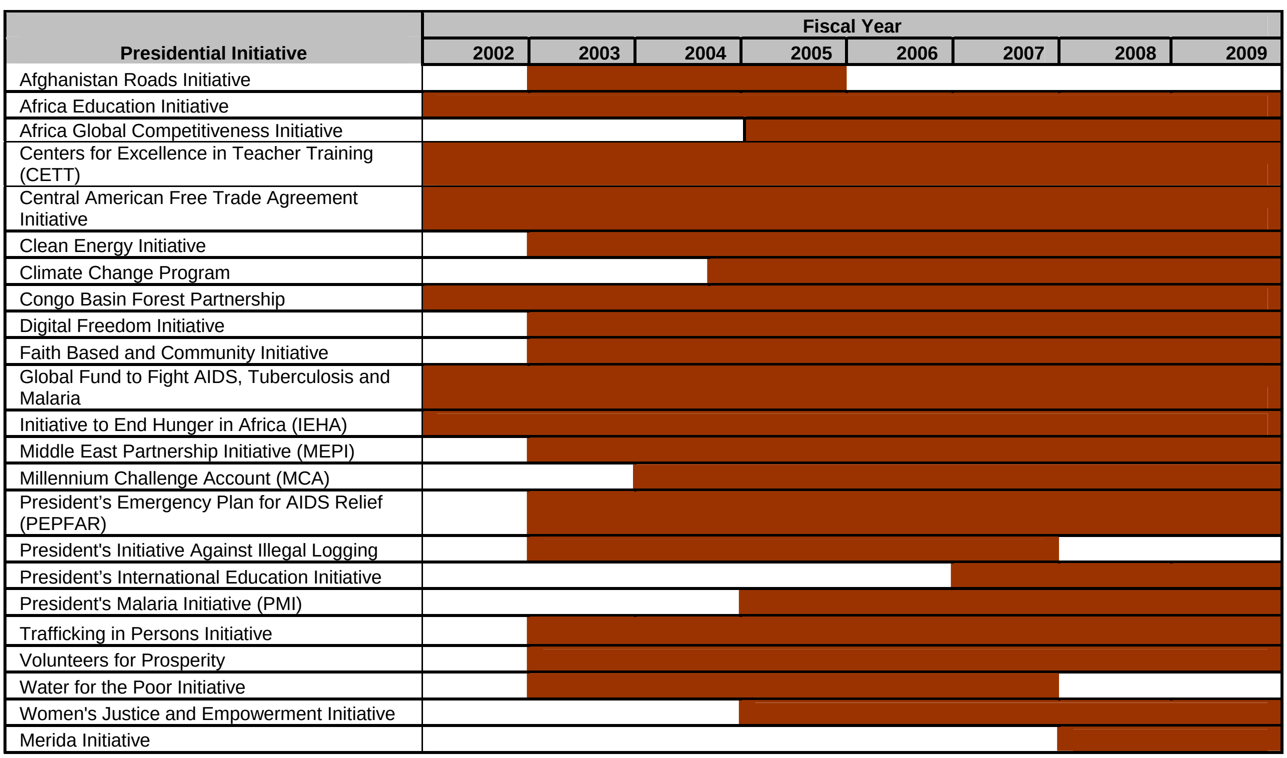
[27] All funding levels cited in this section are taken from USAID's Congressional Budget Justification or the Foreign Operations Budget Justification for the year cited, unless otherwise noted.
[28] Since a current and comprehensive list of Presidential Initiatives does not exist, 23 programs is a best guess estimate.

Other initiatives addressed conflict and democracy in Africa. The Greater Horn of Africa Initiative focused on crisis prevention, mitigation and resolution and food security, and the Great Lakes Justice Initiative (GLJI) concentrated on strengthening national and local judicial systems and promoting processes for reconciliation in the region. In FY 2000, the administration had planned obligations of $13.6 million for GHAI and $10 million for GLJI. In July 2000, the $300 million Global Food for Education Initiative was announced at the G-8 Summit in Okinawa.

Beginning in FY 2002, Presidential Bush announced a number of significant initiatives including the African Education Initiative (AEI), the African Global Competitiveness Initiative (AGCI), the Initiative to End Hunger in Africa (IEHA), Water for the Poor, the Middle East Partnership Initiative (MEPI), and most recently, the Merida Initiative.

A full list of initiatives and estimated length of program can be found in Figure 8. It is difficult to find total amounts of funding for many of the initiatives since 2004, when USAID last published figures on all the initiatives. Some of the initiatives are funded with new budget allocations, and others are funded through reprogrammed monies. A number of initiatives are quite large, such as the $600 million AEI and the $200 million AGCI. The IEHA, announced in 2002, aims to cut hunger in Africa in half by 2015. Water for the Poor, a three-year initiative, seeks to improve the sustainable management of freshwater and coastal resources across the globe in support of the Johannesburg Plan and the Millennium Development Goals. The Merida Initiative is a three-year interagency program "to combat drug trafficking and related violence and organized crime" in Mexico, Central America, Haiti, and the Dominican Republic. Roughly $1 million has been allocated to this program over the past two years.

Figure 8. Presidential Initiatives



As mentioned at the beginning of this section, it is difficult to get a full accounting of the Presidential Initiatives. The table above shows the different presidential initiatives that USAID participates in as the sole agency or part of an interagency consortium. As part of USAID's 2007 request, the agency sought funding for the following initiatives: Global Fund to Fight AIDS ($100 million), PMI ($382 million), IEHA ($47 million), Central American Free Trade Agreement (CAFTA) ($20 million), AGCI ($30 million), AEI ($100 million) and Centers for Excellence in Teacher Training (CETT) ($6 million). Other programs to be funded by Development Assistance (DA) funds are the Digital Freedom Initiative, the Water for the Poor Initiative, Congo Basin Forest Partnership Initiative (CBFP), the Clean Energy Initiative, the Global Climate Change Initiative, and the Initiative Against Illegal Logging. The request for presidential initiatives in the FY 2008 Foreign Operations Budget reduced the number of initiatives, and resources would be "concentrated in seven countries critical to the continent's stability, including Democratic Republic of the Congo, Ethiopia, Kenya, Liberia, Nigeria, South Africa, and Sudan (DOS 2009c, 167)."

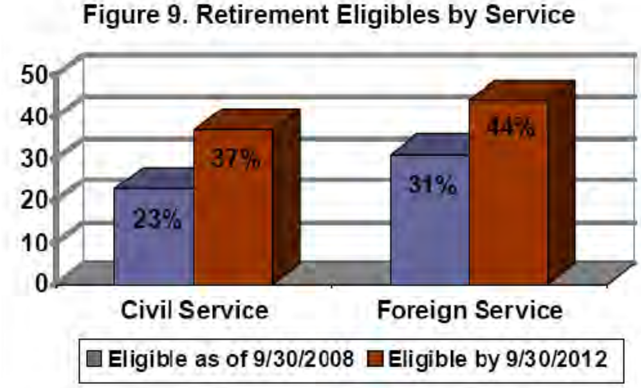
XII. USAID CAPACITY

Much has been said and written about USAID's diminished workforce levels and overtaxed staff. In its report, the *HELP Commission* cited insufficient staffing and inappropriate staff skills as among the most critical challenges facing the Agency (U.S. Commission 2007, 36-37). In their paper, "Arrested Development," Brian Atwood, Peter McPherson and Andrew Natsios were even more strident, noting that USAID has "suffered over the years from crippling staff cuts," and that these cuts and the related loss of expertise have "transformed USAID from a creative, proactive and technically skilled organization focused on implementation to a contracting and grant making agency. This, in turn, has translated into less policy coherence, reduced flexibility, diminished leverage with other donors and an increasingly risk-averse bureaucracy (Atwood 2008, 123-132)." Perhaps the most frequently cited comment on this topic is Defense Secretary Robert Gates' statement during a recent speech in Washington, D.C., in which he noted, "It has become clear that America's civilian institutions of diplomacy and development have been chronically undermanned and underfunded for far too long (U.S. Senate 2008c)." Indeed, the opinions of observers and practitioners in the field of international development have been consistent on this point for some time and the call for change has been growing in volume.

When looking at the staffing levels and capabilities at USAID, it can be helpful to adopt a microeconomic perspective; that is, understand the issue as a problem of both supply and demand. With regard to the supply side, most observers cite a drop in staff from slightly more than 4,000 permanent U.S. Government employees in 1980 to fewer than 3,200 in 1992, further dropping to approximately 2,200 in 2008 (U.S. Commission 2007, 36-37). Interestingly, most of the decline in USAID's direct-hire workforce had occurred by 1999. From that point forward, staffing numbers were relatively stable in the face of a continually expanding workload (see discussion below) (USAID 2009b, 4).

The move toward, and the maintenance of, a smaller Agency workforce is even more worrisome when considering the near-term potential for large-scale retirements of senior and highly experienced USAID officers. For the past ten years, since 1999, at least 30 percent of the Agency's Foreign Service Officers have been eligible for retirement each year, and between 4 percent and 8 percent have retired each year. In addition, for each of the past four years, more than 20 percent of the civil service staff have also been eligible for retirement, and between 3 percent and 6 percent have retired each year. These are trends

Figure 9. Retirement Eligibles by Service



that are getting worse, not better; as indicated in Figure 9, the estimated portion of both civil and foreign service staff who are eligible to retire will jump substantially by 2012 (USAID 2009b, 13).

The overall staffing numbers are only part of the story; skills and capabilities are a serious concern as well. As noted by multiple observers, including the Help Commission and the Government Accountability Office (GAO), over the past two decades, USAID has moved away from conducting its own activities to managing contracts and grants implemented by contractors, PVOs and other nongovernmental institutions. This has led to two somewhat inversely related problems for USAID: (1) a steep erosion in the internal technical capabilities of the Agency (Atwood, McPherson and Natsios note in their paper that only six engineers and 16 agricultural specialists remain at USAID), and (2) an insufficient number of contracting officers and acquisition and assistance (A&A) specialists to process the substantial increase in A&A obligations (GAO 2008d).

This "supply scenario" described above would be troubling in itself, but it is particularly problematic when considering demand, i.e., the demands that have been increasingly placed upon USAID staff over the past five to ten years. Though specific numbers vary across sources, it is clear that the value of programs being implemented by USAID has increased sharply in recent years. In a report prepared by Senator Lugar for the Senate Committee on Foreign Relations, he noted that USAID program funds had increased from $7.4 billion in 2001 to approximately $13 billion in 2007 (Lugar 2007, 22). GAO cites different numbers but identifies the same trend, i.e., an increase in USAID's "A&A obligations" from approximately $5 billion in 2002 to an estimated $10 billion in 2007 (GAO 2008d, 7).

In addition to a substantial increase in their own programs—and the planning, management and reporting requirements thereof[29]—USAID staff have also had to address a range of new responsibilities. USAID Missions manage the implementation of hundreds of millions of dollars of MCC Threshold Programs and serve as lead in many countries for any number of the 20 international development initiatives announced during the Bush Administration (including PEPFAR and PMI, but many more as well). As integration between USAID and State in planning and managing U.S. Foreign Assistance has increased, and as the role of DOD and other U.S. Government agencies expands, USAID officers must allocate more and more time to collaboration, coordination and joint planning and management (Lugar 2007, 2). These increased efforts at coordination are sensible and will almost certainly produce better focused and more effective U.S. Government-supported programs and projects, but they also imply substantial time and resource costs. Finally, with so many agencies with little experience on the ground implementing development programs, USAID staff are often asked to provide advice, contacts and informal support to assist the implementation of non-USAID managed activities. This brief list of increased responsibilities and requirements of USAID staff is illustrative, but far from exhaustive. The conclusion is clear: during years of essentially flat staffing levels and operating budgets, USAID has had to shoulder a markedly increased burden.

A. DEVELOPMENT LEADERSHIP INITIATIVE

In response to the situation described above, in April, 2007, former USAID Administrator Henrietta Fore called for a three-year program to substantially increase staffing levels at USAID. This program, the Development Leadership Initiative (DLI), "aims to strengthen and invest in USAID's critically important permanent Foreign Service Officer (FSO) corps (U.S. Senate 2008a)." Offering a rational for funding the DLI, the FY 2009 Congressional Budget Justification for Foreign Operations further notes that, "an increased FSO corps with strengthened technical capabilities in agriculture, health, economic development, governance, and other areas will enable the United States to focus its development and humanitarian

[29] Reporting requirements associated with overall strategic planning processes (e.g., the Operational Plan, Country Strategy, etc.), program and project planning and monitoring (results frameworks, performance monitoring plans, data quality assessments, etc.) and miscellaneous initiatives and statutes (PEPFAR, PMI, PL 480, etc.) are substantial. The Lugar report asked one embassy to estimate the level of effort required to meet its annual reporting requirements. In response to the request, USAID/Mozambique identified 27 required reports that necessitated 618 person days to complete.

resources in a manner that significantly improves the Agency's ability to effectively meet foreign assistance goals and improve program performance (DOS 2009d)." As shown in Table 5, the DLI was designed to increase the number of FSOs by a total of 300 in 2008, with new positions in nine different categories.

In addition to the DLI, USAID's Human Capital Strategic Plan, FY 2009-FY 2013, calls for enhanced training and development across the Agency's functions, addressing technical as well as "soft-skill" topics, through both classroom and electronic formats (USAID 2009b, 23-24). In short, the Agency seems to be taking the right steps, but it has a tall order to fill. New FSOs will have to hit the ground running and it will be a while before they gain substantial technical and operational depth through experience in the field. This is a particularly important consideration given the fact that the development context in which the Agency operates—and its role in planning and managing U.S. foreign assistance dollars—is shifting and increasingly complex. For example, USAID increasingly finds itself planning and managing programs in conflict and stabilization zones, and working with new development actors implementing innovative projects in nontraditional ways. In this world of increasing demands and constantly shifting needs and contexts, USAID's capabilities will need to be not only deeper, but also more flexible and adaptive.

Table 5. Development Leadership Initiative: Distribution of 300 New FSOs

Position	Number
Program and Planning Officers	75
Democracy, Conflict, Governance & HA Officers	44
Public Health Officers	42
Financial Management Officers	39
Contract Officers	35
Economic Growth and Agriculture Officers	34
Executive Officers	14
Education Officers	11
Legal Advisors	6

*numbers reflect 2008 additions

XIII. THE WORLD FINANCIAL CRISIS

The global economic crisis will impact the developing world. Gains in social and economic development will most likely stall or retract over the next few years. Global GDP is predicted to decline by 1.7 percent in 2009, the first time since World War II that Global GDP has contracted. According to the World Bank, "the global financial crisis could significantly set back the fight against poverty." They estimate that "a 1 percent decline in developing country growth rates traps an additional 20 million people into poverty. Already 100 million people have been driven into poverty as a result of high food and fuel prices (WB 2007)."

Tightening credit markets will make it difficult for governments to raise capital for current and future infrastructure projects and compensate for reduced private investment. According to the Institute for International Finance, net private capital flows to emerging markets are estimated to have declined to $467 billion in 2008, half of their 2007 level (WB 2009). A further sharp decline to $165 billion is forecast for 2009 (WB 2009). Lower prices for commodities will further shrink government budgets causing a reduction in services. Remittances, an important source of revenue for most of the developing world, are also expected to decline significantly.

In the developing regions, GDP in Europe and Central Asia is expected to fall in 2009 by 2 percent compared to a 4.8 percent increase in 2008. South Asia will fall to 3.7 percent down from 5.6 percent growth in 2008. Sub-Saharan Africa will fall by half from 4.9 percent in 2008 to 2.4 percent in 2009 (WB 2009a). The World Bank estimates that almost one-third (29 percent) of all developing countries are "highly-exposed" to the crisis. Another 62 percent are moderately exposed (WB 2009c). Slowdown in growth will affect the lower-income countries the most since it will deepen poverty levels; large numbers of people are clustered just above the poverty line and are particularly vulnerable to economic volatility and temporary slowdowns.

Views on the impact of the financial crisis on official development assistance are mixed. Some donors have signaled their intention to scale back their ODA budgets and others have reaffirmed earlier commitments to increase ODA, at least for 2009. In response to the crisis, the World Bank is increasing its financial assistance to its clients, and plans to almost triple lending to $35 billion in 2009. The United States, in its presentation of the FY 2010 budget, announced a doubling of foreign aid. On the other hand, the UN Office for the Coordination of Humanitarian Affairs has said that the U.S.-led global financial crisis is expected to cut ODA worldwide by at least 30 percent, leading to a profound impact (Newsbreak 2008).

Other financial flows to developing countries are also expected to decrease. Remittance flows to developing countries began slowing in the second half of 2008 and are projected to slow further in 2009. Assets at the nation's largest private foundations fell by a median of 28 percent from 2007 to 2008. A Chronicle of Philanthropy survey found that 104 of the largest grant makers lost more than $50 billion in assets in 2008 (The Chronicle 2009). Furthermore, 40 percent of grant makers expect their giving to drop in 2009 (The Chronicle 2009).

Forecasts for 2010 differ, with some financial institutions predicting a rebound in the global economy and others predicting a further decline. Nonetheless, it will take developing countries longer to make up gains lost last year, and whether ODA will be able to soften the blow will depend greatly on the ability of donor countries to mitigate losses in their own economies.

BIBLIOGRAPHY

Adams, Gordon. 2008. "Don't Reinvent the Foreign Assistance Wheel." *Foreign Service Journal* 85.3: 46-50.

Adams, Gordon. 2007. "The Politics of National Security Budgets." *The Stanley Foundation Policy and Analysis Brief*. Muscatine, Iowa: The Stanley Foundation.

Adelman, Dr. Carol; and et al. 2007. "Foreign Assistance: What Works and What Doesn't with Recommendations for Future Improvements." The HELP Commission. Washington: Government Printing Office. Available: http://www.helpcommission.gov/portals/0/HELP_WWWD.pdf . Accessed January 2009.

Africa Action. 2008. "PEPFAR Reauthorization Act Passes: The Struggle Continues." In HIV/AIDS Campaign Update, July 30, 2008. Washington: Africa Action.

Alliances for a Green Revolution in Africa (AGRA). 2009. "About the Alliance for a Green Revolution in Africa." Available: http://www.agra-alliance.org/section/about . Accessed January 2009.

Anderson, J. Brady. 2008. "Faith and U.S. Foreign Assistance Policy." *The Review of Faith & International Affairs* 6.3: 21-24.

Atwood, Brian F.; M. Peter McPherson; and Andrew Natsios. 2008. "Arrested Development: Making foreign Aid a More Effective Tool." *Foreign Affairs* 87.6: 123-132.

AVERT. 2009. "President's Emergency Plan for AIDS Relief (PEPFAR): What is PEPFAR?" AVERT. Available: http://www.avert.org/pepfar.htm. Accessed April 2009.

Birdsall, Nancy; Stewart Patrick; and Milan Vaishnav. 2006. "Reforming U.S. Development Policy: Four Critical Fixes." *Center for Global Development Essay*. Washington: Center for Global Development.

Boyatt, Ambassador Thomas; and et al. 2008. *A Foreign Affairs Budget for the Future: Fixing the Crisis in Diplomatic Readiness*. Washington: The American Academy of Diplomacy and The Stimson Center.

Brainard, Lael. 2006. *Security by Other Means*. Washington: Brookings.

Buss, John C. 2005. "The State Department Office of Reconstruction and Stabilization and its Interaction with the Department of Defense." *Center for Strategic Leadership Issue Paper*. Carlisle, PA: Center for Strategic Leadership.

Caplan, Ken; and et al. 2007. A*ssessing Partnership Performance: Understanding the Drivers for Success*. Building Partners for Development. London: BPD.

Center for Global Prosperity. 2008. *The Index of Global Philanthropy 2008*. Washington: Hudson Institute.

Center for International Studies. 2009. "U.S. Foreign Aid." MIT Center for International Studies. Available: http://web.mit.edu/cis/fpi_foreign_aid.html . Accessed April 2009.

Congressional Research Service. 2006. *Earmarks in Appropriations Acts: FY 1994, FY 1996, FY 1998, FY 2000, FY 2002, FY 2004, FY 2005*. Washington: CRS.

Copson, Raymond W. 2005. *The Global Fund and PEPFAR in U.S. International AIDS Policy*. Library of Congress. Congressional Research Service. Washington: The Service. (RL33135).

Development Assistance Committee. 2002. "Development Co-operation Review – United States." Paris: OECD.

Development Assistance Committee. 2006. "The United States – Peer Review." Paris: OECD.

Epstein, Susan B.; and Connie Veillette. 2009. *Foreign Aid Reforms: Issues for Congress and Policy Options*. U.S. Library of Congress. Congressional Research Service. Washington: The Service. (RL34243).

Epstein, Susan B.; and Kennon H. Nakamura. 2008. *The Department of Defense Role in Foreign Assistance: Background, Major Issues, and Options for Congress*. Library of Congress. Congressional Research Service. Washington: The Service. (RL34552).

Epstein, Susan B.; and Kennon H. Nakamura. 2009. "State, Foreign Operations, and Related Programs: FY 2009 Appropriations." Washington: CRS.

Fiscal Year 2009 Budget Request. 2009. Washington: Government Printing Office. Available: http://www.state.gov/documents/organization/100014.pdf . Accessed April 2009.

Foundation Center. 2008. *International Grantmaking IV Highlights*. New York: Foundation Center.

Funders Concerned About AIDS. 2008. *U.S. Philanthropic Support to Address HIV/AIDS in 2007*. Brooklyn: FCAA.

Garrett, Laurie A. 2009. *The Future of Foreign Assistance Amid Global Economic and Financial Crisis: Advancing Global Health in the U.S. Development Agenda.* New York: Council on Foreign Relations.

The Global Fund. 2009. "The Global Fund Disbursements." 162. Available: http://www.theglobalfund.org/documents/disbursementdetails.pdf.

Hanrahan, Charles E. 2008. *Rising Food Prices and Global Food Needs: The U.S. Response*. Library of Congress. Congressional Research Service. Washington: The Service. (RL34478).

The Heritage Foundation. 1999. "Does U.S. Foreign Assistance Elicit Support for U.S. Policy? Not at the United Nations." Available: http://www.heritage.org/research/internationalorganizations/BG1335.cfm . Accessed January 2009.

Hyman, Gerald F. 2008. "Assessing Secretary of State Rice's Reform of U.S. Foreign Assistance." *Carnegie Papers on Democracy and Rule of Law Program*, No. 90. Washington: Carnegie Endowment for International Peace.

Institute of Development Studies. 2008. "Summary." *The Impact of the Global Financial Crisis on Developing Countries*. Sussex: Institute of Developing Studies.

InterAction. 2008. *Foreign Assistance Briefing Book: Critical problems, recommendations, and actions for the Obama Administration and the 111th Congress*. Washington: InterAction.

Kerlin, Janelle A.; and Supaporn Thanasombat. 2006. "The International Charitable Nonprofit Subsector: Scope, Size, and Revenue." Washington: The Urban Institute.

Lai, Brian. 2003. "Examining the Goals of U.S. Foreign Assistance in the Post-Cold War Period, 1991-1996." *Journal of Peace Research* 40.1: 103-128.

Lancaster, Carol. 2008. *George Bush's Foreign Aid: Transformation or Chaos?* Washington: Center for Global Development.

Leggett, Jane A. 2007. *Climate Change: Federal Expenditures.* U.S. Library of Congress. Congressional Research Services. Washington: The Service.

Lonnqvist, Linda. 2006. "The Paris Declaration and the Aid Effectiveness Agenda." Oxford: INTRAC.

Lugar, Richard C. 2007. "Embassies Grapple to Guide Foreign AID." A Report to Members of the Committee on Foreign Relations, United States Senate. Washington: Government Printing Office.

Millennium Challenge Corporation. 2008. *MCC Factsheet: MCA Compact-Eligible Countries.* Washington: Millennium Challenge Corporation.

Moss, Todd. 2007. "U.S. Aid to Africa After the Midterm Elections? A 'Surprise Party' Update." *Center for Global Development Notes.* Washington: Center for Global Development.

Nakamura, Kennon H.; and Susan B. Epstein. 2007. *Diplomacy for the 21st Century: Transformational Diplomacy.* U.S. Library of Congress. Congressional Research Service. Washington: The Service. (RL34141).

National Security Council. 2006. *National Security Strategy of 2006.*

Natsios, Andrew. 2008. "The Foreign Aid Reform Agenda." *Foreign Service Journal* 85.12: 34-38.

Newsbreak. 2008. "Global Financial Crisis Could Cut ODA by 30%." Available: http://newsbreak.com.ph/index.php?option=com_content&task=view&id=5567&itemid=88889051. Accessed April 2009.

Nowels, Larry. 2006. *Foreign Policy Budget Trends: A Thirty-Year Review.* Library of Congress. Congressional Research Service. Washington: The Service. (RL33262).

Nowels, Larry; and Connie Veillette. 2006. *Restructuring US Foreign Aid: The Role of the Director of Foreign Assistance.* Library of Congress. Congressional Research Service. Washington: The Service. (RL33491).

Nowels, Larry; and Connie Veillette. 2007. *Restructuring US Foreign Aid: The Role of the Director of Foreign Assistance in Transformational Development.* Library of Congress. Congressional Research Service. Washington: The Service. (RL33491).

McCulloch, Neil. 2008. "Analysis Two, Views from the South: An Overview." *The Impact of the Global Financial Crisis on Developing Countries.* Sussex: Institute for Development Studies.

Office of the U.S. Global AIDS Coordinator. 2005. "The President's Emergency Plan for AIDS Relief General Policy Guidance for All Bilateral Programs." Washington: Government Printing Office.

Organization for Economic Co-operation and Development. 2006. "Chapter 3 – Aid Effectiveness: Three Good Reasons Why the Paris Declaration Will Make a Difference." *2005 Development Co-operation Report* 7.1. Paris: OECD.

Organization for Economic Co-operation and Development. 2009. *Statistics Database*. Available: http://www.oecd.org/dac/stats.

Oxfam America. 2008. *Foreign Aid 101: A quick and easy guide to understanding U.S. foreign aid*. Boston: Oxfam America.

Paris Declaration on Aid Effectiveness. 2005.

Patrick, Stewart; and Kaysie Brown. 2007. "The Pentagon and Global Development: Making Sense of the DOD's Expanding Role." *CGD Working Paper* 131. Washington: Center for Global Development.

Radelet, Steve. 2006. "A Primer on Foreign Aid." *CGD Working Paper* 92. Washington: Center for Global Development.

Radelet, Steve; and Sami Bazzi. 2008a. "U.S. Development Assistance to Africa and to the World: What do the Latest Numbers Say?" *Center for Global Development Notes*. Washington, Center for Global Development.

Radelet, Steve, et al. 2008b. *New Day, New Way: U.S. Foreign Assistance for the 21st Century*. Washington: Modernizing Foreign Assistance Network.

Radelet, Steve; Rebecca Schutte; and Paolo Abarcar. 2008c. "What's Behind the Recent Declines in U.S. Foreign Assistance?" *Center for Global Development Notes*. Washington: Center for Global Development.

Rice, Condoleezza, Secretary of State. 2006. "Remarks on Foreign Assistance." Address, U.S. Department of State, Washington, D.C. Available: http://2001-2009.state.gov/secretary/rm/2006/59408.htm. Accessed January 2009.

Rieffel, Lex; and James W. Fox. 2008. "The Millennium Challenge Corporation: An Opportunity for the Next President." *Global Economy and Development Working Paper* 30. Washington: Brookings.

Rowlands, Dane. 2008. "Emerging Donors in International Assistance: A Synthesis Report." Partnership and Business Development Division of IDRC. Ottawa, Ontario: International Development Research Centre.

Serafino, Nina M. 2008. *Section 1206 of the National Defense Authorization Act for FY 2006*: *A Fact Sheet on Department of Defense Authority to Train and Equip Foreign Military Forces*. Library of Congress. Congressional Research Service. Washington: The Service. (RS22855).

Serafino, Nina M.; and Martin A. Weiss. 2008. *Peacekeeping/Stabilization and Conflict Transitions: Background and Congressional Action on the Civilian Response/Reserve Corps and other Civilian Stabilization and Reconstruction Capabilities*. Library of Congress. Congressional Research Service. Washington: The Service. (RL32862).

Serafino, Nina M. et al. 2008. *Department of Defense 'Section 1207' Security and Stabilization Assistance: A Fact Sheet*. U.S. Library of Congress. Congressional Research Service. Washington: The Service. (RS22871).

Serafino, Nina M. et al. 2008. *The Department of Defense Role in Foreign Assistance: Background, Major Issues, and Options for Congress*. Library of Congress. Congressional Research Service. Washington: The Service. (RL34639).

Tarnoff, Curt. 2008. *Millennium Challenge Account*. Library of Congress. Congressional Research Service. Washington: The Service.

Tarnoff, Curt; and Larry Nowels. 2004. "Foreign Aid: An Introductory Overview of U.S. Programs and Policy". Library of Congress. Congressional Research Service. Washington: The Service.

Tarnoff, Curt; and Marian Lawson. 2009. "Foreign Aid: An Introduction to U.S. Programs and Policy." U.S. Library of Congress. Congressional Research Service. Washington: The Service.

Tarnoff, Curt; and Marian Lawson. 2009. "Foreign Aid: An Introduction to U.S. Programs and Policy." Washington: CRS.

Task Force on Nontraditional Security Assistance. 2008. "Integrating 21st Century Development and Security Assistance." Center for Strategic and Global Studies. Washington: CSIS.

The Chronicle of Philanthropy. 2009. "40% of Foundations Expect Giving to Drop in 2009, Chronicle Study Finds." Available: http://philanthropy.com/news/updates/index.php?id=7689. Accessed April 2009.

The World Bank. 2007. Available: http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:2172943~pagePK:64257043~piPK:437376~thesitePK:4607,00.html. Accessed April 2009.

The World Bank. 2009a. "As Global Economy Deteriorates, World Bank Predicts Sharply Slower Growth in Developing World in 2009; Weak Recovery in 2010." Available: http://go.worldbank.org/W8KF9G5660. Accessed April 2009.

The World Bank. 2009b. "Crisis Takes a Mounting Toll on Developing Countries." Available: http://go.worldbank.org/GK6U1EF10. Accessed April 2009.

The World Bank. 2009c. "Financial Crisis Could Trap 53 Million More People in Poverty." Available: http://go.worldbank.org/PGNOX87VO0. Accessed April 2009.

The World Bank. 2009d. "World Bank Global Economic Forecast." Available: http://econ.worldbank.org/wbsite/external.

Towell, Pat; Stephen Daggett; and Amy Belasco. 2008. *Defense: FY 2009 Authorization and Appropriations*. U.S. Library of Congress. Congressional Research Service. Washington: The Service. (RL34473).

United States. 2003. *Fact Sheet Press Release*. 29 January 2003. Available: http://www.whitehouse.gov/news/releases/2003/01/20030129-1.html. Accessed January 2009.

United States Agency for International Development. 2009a. Global Development Alliance. "History of the Global Development Alliance". Available: http://www.usaid.gov/our_work/global_partnerships/gda/history.html. Accessed January 2009.

United States Agency for International Development. 2008c. Global Development Alliance. *Expanding the Impact of Foreign Assistance Through Public-Private Alliances*. Washington: Government Printing Press.

United States Agency for International Development. 2007. Global Development Alliance. *Guide to the 2005 Resource Flows Analysis*. Washington: Government Printing Office. Available:

http://www.usaid.gov/our_work/global_partnerships/gda/resources/pie_analysis.pdf. Accessed January 2009.

United States Agency for International Development. 2009. *Human Capital Strategic Plan FY 2009-2013*. Washington: Government Printing Office.

United States Agency for International Development. 2008a. *Evaluating Global Development Alliances: An Analysis of USAID's Public-Private Partnerships for Development*. Washington: Government Printing Office.

United States Agency for International Development. 2002. *Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity*. Washington: Government Printing Office.

United States Agency for International Development. 2008b. *FY 2006 – Report to Committees on Appropriations, USAID Malaria Programming Report No. 1*. Washington: Government Printing Office.

United States Agency for International Development. 2008d. *The President's Malaria Initiative – Progress Through Partnerships: Saving Lives in Africa, Second Annual Report*. Washington: Government Printing Office.

United States Agency for International Development. 2008e. "Total Economic Engagement: U.S. Perspective on Foreign Aid and Development." Presentation for Financing for Development, November 29 – December 2, 2008. Available: http://pdf.usaid.gov/pdf_docs/PNADN127.pdf

United States Agency for International Development. 2004b. *USAID/GDA Secretariat Annual Report, FY 2005*. Washington: Government Printing Office.

United States Agency for International Development. 2004a. *U.S. Foreign Aid: Meeting the Challenges of the Twenty-First Century*. Washington: Government Printing Office.

United States Agency for International Development. 2005. *USAID/GDA Secretariat Annual Report, FY 2005*. Washington: Government Printing Office.

U.S. Global Leadership Campaign. 2009. "End-Game Omnibus Results in 11% Increase for the FY09 International Affairs Budget." Available: http:www.usglc.org/index.php?option=com_content&task=view&id=286. Accessed April 2009. United States Commission on Helping to Enhance the Livelihood of People Around the Globe. 2007. *Beyond Assistance: The Help Commission Report on Foreign Assistance Reform*. Washington: Government Printing Office. Available: http://www.helpcommission.govportals/0/Beyond%20Assistance_HELP_Commission_Report.pdf . Accessed April 2009.

United States Defense Authorization and Appropriations Committees of the Senate and the House of Representatives. 2008. *Joint Explanatory Statement to Accompany S. 3001, the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009*. Washington: The Government Printing Office.

United States Defense Security Co-operation Agency. 2008. *Fiscal Year (FY) 2009 Budget Estimates: Overseas Humanitarian, Disaster Assistance and Civic Aid*. Washington.

United States Department of Defense. 2007. *FY 2008 Global War on Terror Amendment*. Washington: The Government Printing Office.

United States Department of Labor. 2008. *Budget in Brief – Fiscal Year 2009*. Washington: Government Printing Office. Available: http://ww.dol.gov/_sec/budget2009/bib.htm#dm3. Accessed January 2009.

United States Department of State, Bureau of Democracy, Human Rights, and Labor. 2009. "DRL Programs, Including Human Rights Democracy Fund (HRDF)." Available: http://www.state.gov/g/drl/p. Accessed April 2009.

United States Department of State, Bureau of Economic, Energy and Business Affairs (EEBA). 2008. *FACT SHEET: The United States and Africa – Partnering for Growth and Development.* Washington: Government Printing Office. Available: http://www.africom.mil/getarticle.asp?art=2101. Accessed April 2009.

United States Department of State, Office of the Coordinator for Reconstruction and Stabilization. 2008. "Mission Statement." Available: http://www.crs.state.gov/index.cfm?fuseaction=public.display&shortcut=4QXJ. Accessed December 2008.

United States Department of State. 2007. "Appendix I: Foreign Assistance Framework", in FY 2007-2012 Department of State and USAID Strategic Plan. Washington: The Government Printing Office.

United States Department of State. 2009b. *Congressional Budget Justification for Foreign Operations Fiscal Year 2006*. Available: http://www.state.gov/s/d/rm/rls. Accessed April 2009.

United States Department of State. 2009a. *Congressional Budget Justification for Foreign Operations Fiscal Year 2001*. Available: http://www.state.gov/www/budget/fy2001/fn150/forops_full/150fy01_fo_bil-asst-other.html. Accessed April 2009.

United States Department of State. 2009c. *Congressional Budget Justification for Foreign Operations Fiscal Year 2008*. Available: http://www.fast.org/asmp/resources/110th/CBJ08.pdf. Accessed April 2009.

United States Department of State. 2009d. *Congressional Budget Justification for Foreign Operations Fiscal Year 2009*. Available: http://www.state.gov/s/d/rm/rls/. Accessed April 2009.

United States Department of State. 2006. *Fact Sheet on New Direction for U.S. Foreign Assistance*. Washington: Government Printing Office.

United States Department of State. 2009e. *Fact Sheet on U.S. Middle East Partnership Initiative*. Washington: Government Printing Office.

United States Department of State. 2009f. *Summary and Highlights, International Affairs Function 150: Fiscal Year 2009 Budget Request*. Washington: Government Printing Office. Available: http://www.state.gov/documents/organization/100014.pdf . Accessed April 2009.

United States Department of State. 2006. *U.S. Foreign Assistance Reform: Achieving Results and Sustainability in Support of Transformational Diplomacy*. Washington: Government Printing Office.

United States Department of State. 1999. *United States Strategic Plan for International Affairs*. Washington: Government Printing Office.

United States Global Leadership Campaign. 2008. "End-Game Omnibus Results in 11% Increase for the FY09 International Affairs Budget. Available: http://usglc.org/index.php?option=com_content&task=view&id+286. Accessed April 2009.

United States Government Accountability Office. 2009. *Foreign Aid Reform: Comprehensive Strategy: Interagency Coordination and Operational Improvements Would Bolster Current Efforts*. Washington: Government Printing Office. (GAO-09-192).

United States Government Accountability Office. 2008a. *Foreign Assistance: State Department Foreign Aid Information Systems Have Improved Change Management Practices but Do Not Follow Risk Management Best Practices*. Washington: Government Printing Office. (GAO-09-52R).

United States Government Accountability Office. 2006. *Military Operations: Actions Needed to Better Guide Project Selection for Commander's Emergency Response Program and Improve Oversight in Iraq*. Washington: Government Printing Office. (GAO-08-736R). Available: http://www.gao.gov/new.items/d0873r.pdf . Accessed April 2009.

United States Government Accountability Office. 2008b. *Millennium Challenge Corporation: Independent Reviews and Consistent Approaches Will Strengthen Projections of Program Impact*. Washington: Government Printing Office. (GAO-08-730).

United States Government Accountability Office. 2008c. *Millennium Challenge Corporation: Summary Fact Sheets for 1 Compacts Entered into Force*. Washington: Government Printing Office. (FAO-08-1145R MCC Compact Fact Sheets).

United States Government Accountability Office. 2008d. *USAID Acquisition and Assistance: Actions Needed to Develop and Implement a Strategic Workforce Plan*. Washington: Government Printing Office. (GAO-08-1059). Available: http://www.gao.gov/products/GAO-08-1059 . Accessed April 2009.

United States House of Representatives, Armed Services Committee. 2008. Testimony of Robert M. Gates, 15 April 2008. Washington: Government Printing Office.

United States House of Representatives, Committee on Appropriates, Subcommittee on State, Foreign Operations, and Related Programs. 2009. "Building a 21st Century Workforce." Statement of James Kunder, 20 February 2009. Washington: Government Printing Office.

United States House of Representatives, Committee on International Relations. 1997. "Foreign Assistance and U.S. Foreign Policy." Testimony of Ted Galen Carpenter and Doug Bandow, 13 March 1997. Washington: Government Printing Office.

United States Mission to the OECD. 2009. *Development and Aid*. Available: http://www.usoecd.org/us-mission-oecd-development.html. Accessed April 2009.

United States National Security Council. 2006. *The National Security Strategy of 2006*. Washington: Government Printing Office.

United States Office of Management and Budget. 2007. *FY 2008 Federal Climate Change Expenditures Report to Congress*. Washington: Government Printing Office.

United States Office of the U.S. Trade Representative. 2008. *2008 Comprehensive Report on US Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act*. Washington: Government Printing Office.

United States President's Emergency Plan for AIDS Relief. 2009. "President's Emergency Plan for AIDS Relief (PEPFAR)." Available: http://www.pepfar.gov/press/800064.htm . Accessed February 2009.

United States Senate, Committee on Foreign Relations. 2008a. Administration Response to Questions from SFRC Members. Testimony of Henriette Fore, Acting Director of Foreign Assistance and Acting Administrator of the United States Agency for International Development, 12 June 2007. Washington: Government Printing Office.

United States Senate, Committee on Homeland Security and Governmental Affairs. 2008b. "A Reliance on Smart Power – Reforming the Foreign Assistance Bureaucracy." Testimony of Dr. Gordon Evans, 31 July 2008. Washington: Government Printing Office

United States Senate, Committee on Homeland Security and Governmental Affairs, 2008c. "A Reliance on Smart Power – Reforming the Foreign Assistance Bureaucracy." Testimony of Richard L. Greene, 31 July 2008. Washington: Government Printing Office. Available: http://pdf.usaid.gov/pdf_docs/PCAAB789.pdf . Accessed April 2009.

U.S. Library of Congress. 2009. Congressional Research Service. *Earmarks in Appropriations Acts: FY 1994, FY 1996, FY 1998, FY 2000, FY 2002, FY 2004, FY 2005*. Washington: The Service.

U.S. Library of Congress. 2007. Congressional Research Service. *Report on Improving Interagency Support for United States 21st Century National Security Missions and Interagency Operations in Support of Stability, Security, Transition, and Reconstruction*. Washington: The Service.

Veillette, Connie. 2007. *Foreign Aid Reform: Issues for Congress and Policy Options*. U.S. Library of Congress. Congressional Research Service. Washington: The Service. (RL34243).

Veillette, Connie; and Susan B. Epstein. 2007. *State, Foreign Operations, and Related Programs: FY2008 Appropriations*. Library of Congress. Congressional Research Service. Washington: The Service. (RL34023).

Withers, George, et al. 2008. "Ready, Aim, Foreign Policy: How the Pentagon's Role in Foreign Policy is Growing, and Why Congress – and the American Public – Should Be Worried." Center for International Policy, the Latin America Working Group Education Fund, and the Washington Office on Latin America. Washington: Center for International Policy.

Woods, Ngaire. 2008. "Whose aid? Whose influence? Chine, emerging donors and the silent revolution in development assistance." *International Affairs* 84.6: 1205-1221.

Wyler, Liana Sun. 2008. *Weak and Failing States: Evolving Security Threats and U.S. Policy*. Library of Congress. Congressional Research Service. Washington: The Service. (RL34253).