

**THE
EXECUTIVE AGENCY
TRAINING PROGRAM**

**THE
FOREIGN ASSISTANCE
COMMUNITY**

Foreign Assistance 101

➤ Rationales

- National security
- Commercial interest
- Humanitarianism

➤ Types

- Development assistance
- Governance assistance
- Humanitarian assistance
- Strategic assistance
 - o Security assistance
 - o Debt relief
 - o Economic support funding

➤ Forms

- Cash
- Commodities
- Equipment
- Expertise
- Training
- Infrastructure
- Debt relief

➤ Recipients

- Governments
- Multilateral international foreign organizations
- NGOs
- Small business
- Research institutions

Foreign Assistance 101: Types and Objectives

Longer-Term Assistance

Development Assistance

(mostly USAID, State & MCC)

- Macroeconomic growth
- Economic reform
- Infrastructure/Energy
- Family planning
- Poverty reduction
- Health
- Education
- Social services
- Agriculture
- Debt relief
- Environmental protection

Governance Assistance

(mostly USAID & MCC)

- Political reform (democracy)
- Rule of law
- Human rights
- Anti-corruption
- Civil society

Shorter-Term Assistance

Humanitarian Assistance

(mostly through State & USAID)

- Disaster readiness and relief
- Reconstruction and rehabilitation
- Refugees & internally displaced persons (IDP)

Strategic Assistance

- Security assistance *(mostly State & DoD)*
 - Military and law enforcement training, education and equipment
 - To address terrorism, proliferation, narcotics, transnational crime and ensure internal stability & security
- Debt relief *(Treasury)*
- Economic support funding *(mostly State)*
- Some development and governance aid

U.S. Government Foreign Assistance Community

The U.S. foreign assistance community is a patchwork of highly fragmented programs spread across 23 different federal agencies. There is no single person with a mandate to coordinate all programs, resulting in initiatives that are duplicative and sometimes work at cross-purposes.

The U.S. Foreign Assistance Community:

Major Players

- Department of State
- Department of Defense
- Department of the Treasury
- Millennium Challenge Corporation
- U.S. Agency for International Development

Other Prominent Players

- African Development Foundation
- Department of Agriculture
- Department of Energy
- Department of Health and Human Services (and NIH & CDC)
- Department of Labor

- Department of Transportation
- Export-Import Bank
- Inter-American Foundation
- National Endowment for Democracy
- Overseas Private Investment Corporation
- Peace Corps
- Trade and Development Agency

Minor Players

- Department of Commerce
- Department of Homeland Security (and CBP)
- Department of the Interior
- Department of Justice
- Environmental Protection Agency
- Federal Trade Commission

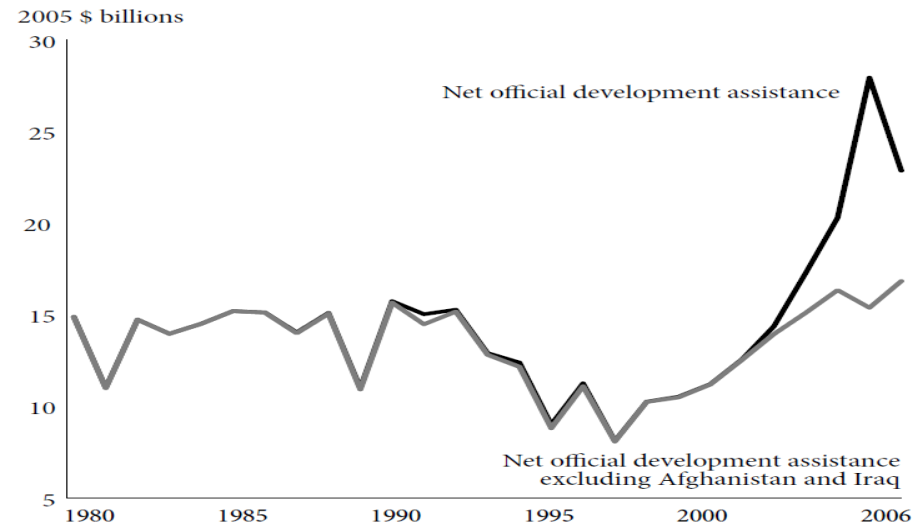
History and Structure

History: Large-scale U.S. foreign assistance began after World War II when the U.S. provided aid for reconstruction and economic development to prevent the potential spread of communism in postwar Europe. Following the Cold War, foreign aid lost much of its *raison d'être* (and, thus, its political support) and funding fell to its lowest level since the FAA. Following 9/11, however, as the Bush Administration found strategic use for foreign assistance, funding rose to its highest level ever.

Statute: In 1961, Congress passed the Foreign Assistance Authorization Act (FAA). Though amended numerous times, it remains the statutory basis of modern foreign aid programs. Traditional (non-military) foreign aid accounts are in the International Affairs budget (Function 150) - foreign aid is in subfunctions 151 (humanitarian assistance) & 152 (security assistance).

F-Process: In 2006, the Administration implemented a “transformational development” initiative, designed to bring coordination and coherence to foreign assistance programs. A new 60-person State Department Bureau of Foreign Assistance (F) was created, headed by the Administrator of USAID, who would also be the Director of Foreign Assistance (DFA) with rank of Deputy Secretary. Through a Foreign Assistance Framework (FAF) and five-year country plans, DFA is to provide policy guidance for foreign assistance delivered through other agencies and align aid programs with U.S. strategic objectives. DFA’s direct authority, however, is limited to USAID and State Department (except HIV/AIDS and reconstruction) assistance programs – only 55% of non-military foreign assistance.

Figure 10.1. U.S. net official development assistance, 1980–2006





Foreign Assistance Community: USAID

United States Agency for International Development (USAID) is the largest U.S. foreign assistance agency, responsible for most development, governance and humanitarian aid. Though an independent agency, it serves under the authority of the Secretary of State.

Today, USAID has become largely a contracting and grant-making agency, forced by post-Cold War funding and staff cuts to outsource most programs to private contractors.

Workforce

- 1,100 - civil servants
- 1,100 - Foreign Service Officers (FSOs)
- 5,000 - locally employed staff
- 650 - U.S. contractors

Headquarters Organization

Regional bureaus

- Sub-Saharan Africa (AFR)
- Asia (A)
- Latin America and the Caribbean (LAC)
- Europe and Eurasia (E&E)
- Middle East (ME)

Functional bureaus

- Global Health (GH)
- Economic Growth, Agriculture, and Trade (EGAT)
- Democracy, Conflict and Humanitarian Assistance (DCHA)

Overseas Organization

USAID field missions

- Manage aid programs in 84 countries
- 3-15 FSOs and a varying number of contractor and local personnel
- Often housed within embassies

Regional support missions

- Support country field missions
- 2-16 FSOs, including legal advisors, contract managers, program officers, and financial services experts



Foreign Assistance Community: The Department of State

State has a hand in nearly every type of foreign assistance – from long-term development and governance assistance to humanitarian aid to strategic security and economic support. In addition to the programs it manages jointly with USAID and DoD, State Department offices oversee a number of major foreign aid programs:

Economic Support Funds (ESF) are used to promote U.S. interests, by supporting allies and countries in political or economic transition. SEED (Support for Eastern Europe Democracy) and FREEDOM (Freedom for Russia and Emerging Eurasian Democracies and Open Markets) are two prominent ESF programs. Most ESF-supported programs are guided by the regional and/or functional bureaus-relevant to the specific foreign policy goal, but implementation is overseen by USAID. ESF programs totaled \$6.05 billion in FY2008.

President's Emergency Plan for AIDS Relief (PEPFAR), enacted in 2003 & renewed in 2008, authorized \$63 billion through 2013 to fight HIV/AIDS. PEPFAR funds major prevention, testing, treatment and support programs in 15 "focus" countries, mainly in Africa, and has smaller projects in over 100 other countries. In addition to bilateral programs run by S/GAC, USAID, HHS, CDC and NIH, PEPFAR provides funding to the Global Fund to Fight AIDS, Tuberculosis and Malaria and to NGOs. The State Department's Office of the Global AIDS Coordinator (S/GAC) oversees and coordinates PEPFAR funding & program implementation.

In addition, individual State offices oversee aid programs related to their jurisdiction:

- **DRL** – democracy and human rights
- **INL** – counter-narcotic & law enforcement
- **ISN** – non-proliferation
- **PRM** – refugees and IDP
- **PM/WRA** – de-mining
- **S/CT** – counter-terrorism
- **S/CRS** – post-conflict reconstruction



Foreign Assistance Community: The Department of Defense

DOD has been involved in an expanding range of strategic and humanitarian foreign assistance activities since 9/11. Taking into account reconstruction efforts in Iraq and Afghanistan, DoD is responsible for around a fifth of all non-military foreign assistance.

- **Commander's Emergency Response Program (CERP)** enables commanders to distribute funds for urgent humanitarian or reconstruction needs where forces are operating.
- **Military Capacity Building for Counter-terrorism and Stabilization:**
 - Section 1206 of the 2006 National Defense Authorization Act allows the Pentagon to use its own money to train and equip foreign military forces to enhance their capacities to combat terrorism and maintain security and stability. Section 1206 Funds are intended for urgent, one-year programs, after which they must be transitioned to regular Foreign Military Financing (FMF).
 - There are also three major DoD counter-terrorism capacity building programs in Africa. Combined Joint Task Force-Horn of Africa (CJTF-HOA); Trans Sahara Counter-Terrorism Partnership (TSCTP); and the East Africa Counterterrorism Initiative (EACTI).
- **Counter-narcotics:** DoD has major programs (separate from State) for counter-narcotics assistance and training, and other support to improve foreign counter-narcotics capabilities.
- **Disaster Relief and Reconstruction:** DoD has unmatched capacity to meet emergency relief and reconstruction needs due to its logistical assets and global deployment. The Overseas Humanitarian, Disaster and Civic Aid (OHDACA) account provides funding for Combatant Commanders to respond in the aftermath of natural disasters and conflict.



Foreign Assistance Community: Military Assistance



Responsibility for military assistance programs is shared by State and DoD. The State Department's Bureau of Political-Military Affairs, Office of Plans, Policy and Analysis (PM/PPA) develops policy and grants funding, while the Defense Security Cooperation Agency (DSCA) oversees program implementation. Within each country, the embassy's Office of Defense Cooperation (ODC) conducts day-to-day program management.

- **Foreign Military Financing (FMF)** provides funding or loans to help countries purchase specific U.S.-made weapons systems and equipment or military services and training. FMF weapons and equipment purchases are made through the Foreign Military Sales (FMS) program.
- **International Military Education and Training (IMET)** pays for military officers from friendly countries to receive training and education at U.S. military schools (or by American teachers on mobile education teams in the host country). Officers receive technical training and attend courses on topics, such as military tactics and counter-intelligence. In addition, students are taught about democratic values, rule of law, civilian control of the military and human rights.
- **Enhanced International Peacekeeping Capabilities (EIPC)** initiative assists foreign militaries in creating professional, properly equipped, and well-led peacekeeping units. EIPC funds allow selected countries' militaries to attend U.S. peacekeeping training centers and to purchase non-lethal peacekeeping equipment.



Foreign Assistance Community: Millennium Challenge Corporation

Millennium Challenge Corporation (MCC) was created in 2004 to administer the Millennium Challenge Account (MCA), which provides large amounts of assistance to a select group of poor countries that meet a set of standards related to political, economic and social reform, in order to accelerate economic development, reduce poverty and reinforce good governance.

- **Philosophy:** MCC represents an innovative new approach to development assistance.
 - MCC selects countries based on their commitment to good governance (“ruling justly”), sound economic policies (“fostering economic freedom”), and investments in health and education (investing in people”). 17 indicators in these three categories are used to determine a nation’s eligibility to participate in the program.
 - Recipient countries take an active role in deciding how MCA assistance is spent and are responsible for much of the design and implementation of programs.
- **MCC Countries:** There are 17 “compact countries” who have met the requirements and have full MCC programs in their countries. Another 19 “threshold countries” are close to satisfying the indicator requirements and have smaller MCC programs designed to help move them toward eligibility.
- **Structure:** MCC is a small government corporation with only 300 employees based in DC and in-country (often working out of the embassy). MCC is headed by a CEO who reports to a Board of Directors chaired by the Secretary of State.



Foreign Assistance Community: The Department of the Treasury

The Department of the Treasury, through the Under Secretary for International Affairs, administers three major foreign assistance programs:

- **Multilateral Development Assistance:** The Treasury manages U.S. contributions to multilateral international financial institutions, including the World Bank, the African Development Bank, the Asian Development Bank, the Inter-American Development Bank and the European Bank for Reconstruction and Development.
- **Debt Forgiveness:** The Treasury oversees U.S. debt forgiveness and reduction policies and programs, including participation in the Highly Indebted Poor Countries (HIPC) initiative, which provides debt relief and low-interest loans to heavily indebted, but responsible governments. Between 1990 and 2007, the U.S. forgave approximately \$24.3 billion owed by foreign governments.
- **Financial Advising:** The Treasury's Office of Technical Assistance (OTA) provides financial advisors to foreign countries in support of major economic reforms, efforts to combat terrorist financing and the development and enforcement of financial regulation laws.

Foreign Assistance Community: Independent Agencies

Inter-American Foundation (IAF) is an independent U.S. government foreign assistance agency, which provides funding for grassroots (non-governmental) projects in Latin America and the Caribbean. It gives out about \$18 million in grants per year.

African Development Foundation (USADF) is an independent U.S. government foreign assistance agency, which provides small grants to community groups and small business that serve poor and marginalized groups in Sub-Saharan Africa. It gives out about \$24 million in grants per year.

Peace Corps has over 7,500 volunteers in 76 mostly poor countries to work with governments, NGOs and entrepreneurs in support of economic development, education, health, agriculture and the environment. It has an annual budget of approximately \$330 million.

Trade and Development Agency (TDA) is an independent U.S. government foreign assistance agency with a \$50 million budget, designed to advance economic development and U.S. commercial interests by funding projects that support the development of modern infrastructure and an open trading environment in developing and middle income countries. In addition, TDA funds trade missions, feasibility studies, and programs to build partnerships between U.S. companies and overseas project sponsors.

Overseas Private Investment Corporation (OPIC) helps promote economic development by providing political risk insurance and loans to U.S. companies investing in developing and transitioning countries. OPIC charges market-based fees for its products, and thus operates on a self-sustaining basis.

Export-Import Bank (Ex-Im Bank) provides loans and other types of financing arrangements to help developing countries purchase goods from U.S. business

Foreign Assistance Acronyms

ACI	Andean Counterdrug Initiative (State + USAID)	Ex-Im	Export-Import Bank
AFR	Africa (USAID bureau)	EUR	Europe and Eurasia (USAID bureau)
CERP	Commander's Emergency Response Program (DoD)	F	Office of Foreign Assistance (State)
CJTF-HOA	Combined Joint Task Force-Horn of Africa (DoD)	FAA	Foreign Assistance Act of 1961
CMM	Office of Conflict Management and Mitigation (USAID)	FAF	Foreign Assistance Framework (F)
CSH	Child Survival and Health (USAID)	FID	Foreign Internal Defense
DA	Development Assistance (USAID)	FMF	Foreign Military Financing (State + DoD)
DAC	Development Assistance Committee (OECD)	FMS	Foreign Military Sales (State + DoD)
DCHA	Democracy, Conflict and Humanitarian Assistance (USAID Bureau)	FREEDOM	Freedom for Russia and Emerging Eurasian Democracies and Open Markets (State + USAID)
DF	Democracy Fund (State)	GDA	Global Development Alliance (USAID)
DFA	Director of Foreign Assistance (State)	GH	Global Health (USAID bureau)
DRL	Bureau of Democracy, Human Rights & Labor (State)	GHAI	Global HIV/AIDS Initiative (State)
DSCA	Defense Security Cooperation Agency (DoD)	HIPC	Heavily Indebted Poor Country
EACTI	East Africa Counterterrorism Initiative (DoD)	IAF	Inter-American Foundation
EAP	East Asia and Pacific (USAID bureau)	IBRD	International Bank for Reconstruction and Development (World Bank)
EGAT	Economic Growth, Agriculture and Trade (USAID bureau)	IDA	International Development Association (World Bank)
EIPC	Enhanced International Peacekeeping Capabilities (State + DoD)	IDA	International Disaster Assistance (USAID)
ERMA	Emergency Refugee and Migration Assistance (State)	IDF	Internally Displaced Person
ESF	Economic Support Fund (State)	IDFA	International Disaster and Famine Assistance (USAID)
		INL	Bureau of International Narcotics and Law Enforcement Affairs (State)

Foreign Assistance Acronyms (Con't)

ISN	Bureau of International Security and Nonproliferation (State)	OTI	Office of Transition Initiatives (USAID)
IMET	International Military Education and Training Program (State + DoD)	P.L. 480	Food for Peace/Food Aid (Agriculture + USAID)
IMF	International Monetary Fund	PEPFAR	President's Emergency Plan For AIDS Relief
INCLE	International Narcotics Control and Law Enforcement Assistance (State)	PKO	Peacekeeping Operations
LAC	Latin America & Caribbean (USAID bureau)	PM/PPA	Office of Plans, Policy and Analysis, Bureau of Political-Military Affairs (State)
MCA	Millennium Challenge Account	PM/WRA	Office of Weapons Removal and Abatement, Bureau of Political-Military Affairs (State)
MCC	Millennium Challenge Corporation	PMI	President's Malaria Initiative
MDBs	Multilateral Development Banks	PRM	Bureau of Population, Refugees, and Migration (State)
ME	Middle East (USAID bureau)	PVO	Private Voluntary Organization
MRA	Migration and Refugee Assistance (State)	SEED	Support for East European Democracy (State + USAID)
NADR	Non-Proliferation, Anti-Terrorism, De-mining and Related Programs (State)	S/CRS	Office of the Coordinator for Reconstruction and Stabilization (State)
NED	National Endowment for Democracy	S/CT	Office of the Coordinator for Counterterrorism (State)
ODA	Official Development Assistance	S/GAC	Office of the Global Aids Coordinator (State)
ODC	Office of Defense Cooperation (embassy)	TDA	U.S. Trade and Development Agency
OECD	Organization for Economic Cooperation and Development	TI	Transition Initiatives (USAID)
OFDA	Office of Foreign Disaster Assistance (USAID)	TSCTP	Trans Sahara Counter-Terrorism Partnership (DoD)
OHDACA	Overseas Humanitarian, Disaster and Civic Aid (DoD)	UNAIDS	The Joint United Nations Programme on HIV/AIDS
OMA	Office of Military Affairs (USAID)	UNDP	United Nations Development Program
OPIC	Overseas Private Investment Corporation	UNICEF	United Nations Children's Fund
OTA	Office of Technical Assistance (Treasury Office)	USADF	U.S. African Development Foundation
		USAID	U.S. Agency for International Development

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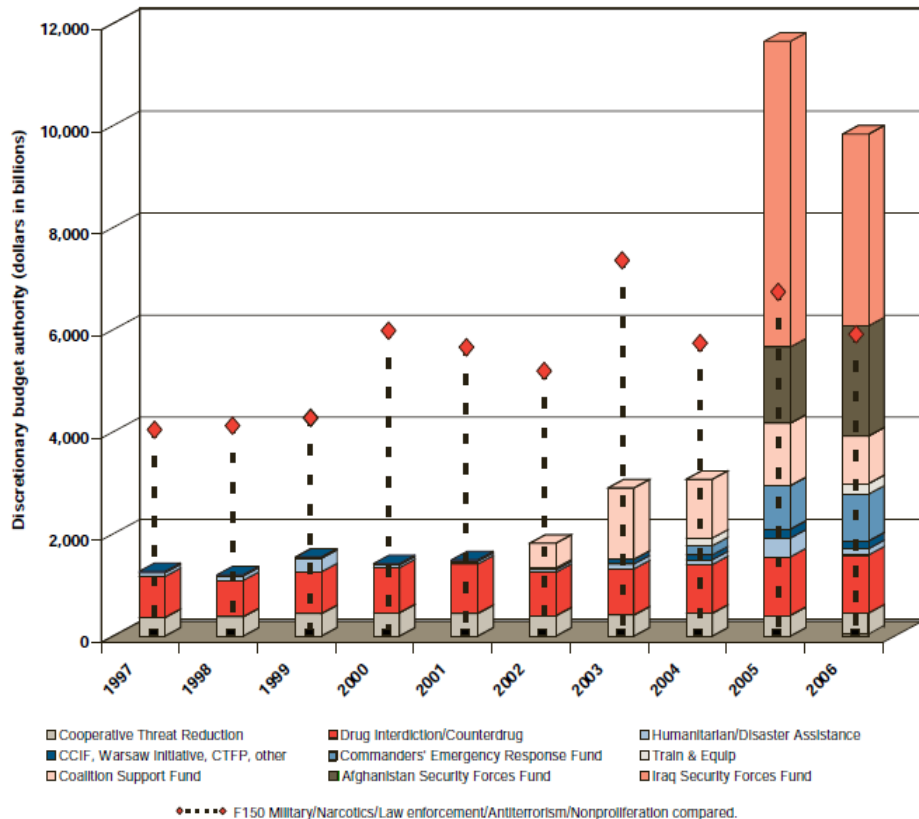
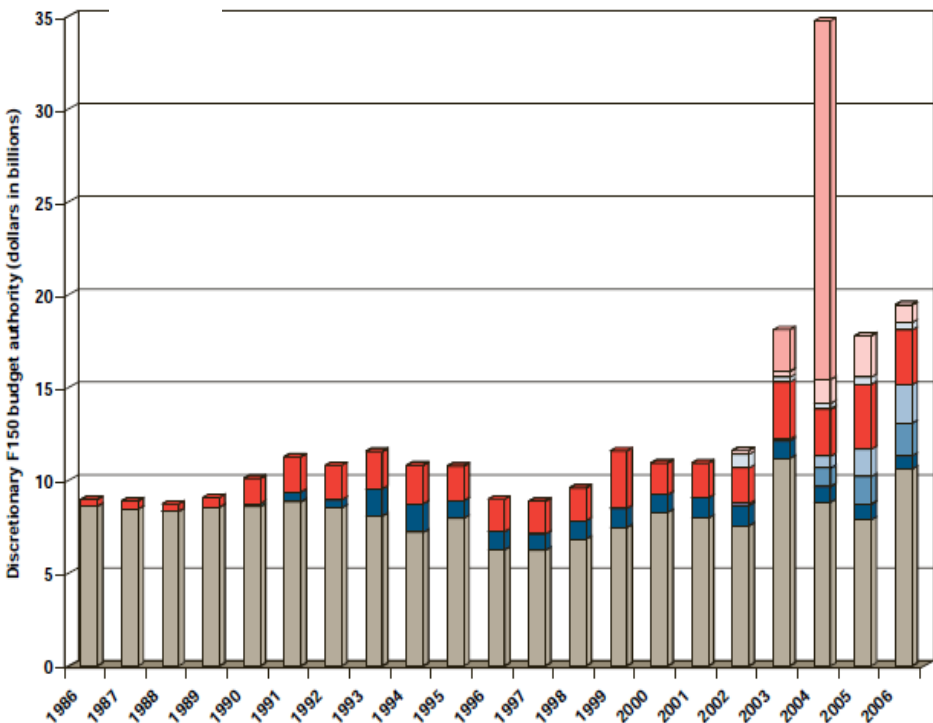
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Funding Charts

U.S. Development/Humanitarian Assistance Funding, 1986–2006



- Iraq
- Afghanistan
- Pakistan
- Humanitarian
- PEPFAR
- MCC
- SEED/FSA
- Other DA