



# JUSTAID

Foreign  
Assistance  
Reform **NOW**

A Justice-Based Vision for Foreign Assistance Reform  
From **American Jewish World Service (AJWS)**

## Foreign assistance should fight poverty. But our system is broken.

*Redundancy, disorganization and confused priorities prevent U.S. foreign aid from effectively reaching those who need it most. For the first time in 50 years, we have the opportunity to do something about it. Help AJWS advocate for Just Aid: A justice-based vision for foreign assistance reform.*

### Four myths about foreign assistance dispelled:

**Myth #1: The purpose of U.S. foreign assistance is to fight poverty.**

**Reality check:** Of the top 10 recipients of U.S. foreign aid, only two (Ethiopia and Democratic Republic of Congo<sup>1</sup>) are among the world's poorest countries. Fifty-six percent of U.S. aid is distributed to just six countries, all of them allies in the "war on terror" or the "war on drugs."<sup>2</sup> Just a small portion of U.S. aid actually supports humanitarian work. Much of the rest supports U.S. political, economic and security goals. In fact, the total amount of U.S. aid to sub-Saharan Africa between 1961 and 2005 only came to about *half* of what our government spent for military operations and reconstruction in Iraq and Afghanistan in 2007 alone!<sup>3</sup>

**Myth #3: About 25 percent of U.S. gross domestic product (GDP) goes to foreign aid.<sup>4</sup>**

**Reality check:** Contrary to this popular estimate, the U.S. distributes less than half of 1 percent of its GDP to help fight poverty. In proportion to our GDP, we are one of the least generous donors—behind 20 other countries.<sup>5</sup> We give less than 0.2 percent of GDP, falling far short of the internationally agreed-upon target of 0.7 percent for alleviating poverty.

**Myth #2: The U.S. foreign assistance program streamlines the dissemination of aid.**

**Reality check:** U.S. aid is run by a highly fractured and inefficient cluster of 60 separate offices, each independently allocating funds directly to recipient governments. With many other countries also committed to foreign assistance, the international system is rife with confusion and redundancy. A more efficient way to disseminate aid is through coordinating institutions like the UN. When donors collaborate, every dollar has a much greater impact. Yet the U.S. only gives 8.5 percent of its foreign aid this way, compared to an average of 30 percent for other countries.<sup>6</sup>

**Myth #4: Foreign assistance reform has nothing to do with Jewish values.**

**Reality check:** Pursuing social justice is a fundamentally Jewish act. From the directive to protect the stranger to the belief that all are created in the image of God, Jews have ample textual and traditional imperatives to aid those in need. Reforming the U.S. foreign assistance program is one of the simplest ways that our *tzedakah*—translated literally as "justice"—can have a wide and lasting impact.

# Foreign assistance explained: A closer look at U.S. aid

## The good, the bad and the misallocated

Foreign assistance can help change the world for the better. It has eradicated smallpox and polio, reduced childhood mortality in developing nations and fed millions of people in crisis situations around the world.

Yet the bureaucratic chaos in the U.S. foreign assistance program undermines its potential to do good. The current system is based on the now-outdated Foreign Assistance Act of 1961. Rather than revising it, the government has continued to add new legislation over the years, creating an impenetrable, 1,500-page tome of red tape. It contains 33 goals and 247 directives,<sup>7</sup> and its implementation takes 12 departments, 25 agencies

and more than 60 government offices (including USAID; the Departments of State, Defense, Health and Human Services, Agriculture and Commerce; and the Peace Corps)—among which there is little or no coordinated planning.

Fragmented funding—by our own government and others—is inefficient and puts a heavy burden on recipients. For example, in the late 1990s, the government of Tanzania received aid for as many as 1,500 discrete projects each year. To satisfy each of its funders' unique reporting requirements, Tanzania's Ministry of International Cooperation was saddled with producing 2,400 donor reports annually.<sup>8</sup>

## Conflicting interests

The U.S. foreign assistance program was designed during the Cold War with security as a top priority, not the needs of the poorest people on our planet. Today, the program still serves more to deflect terrorism, promote national security and stimulate the domestic economy than to alleviate poverty.

In fact, billions of dollars of U.S. foreign aid each year end up back in American pockets in the form of “tied aid”—grants that stipulate that the funds must be used to purchase American goods and services. The percentage of tied aid reached 93 percent in 2005, and while it has been decreasing in recent years, it still stands well above international norms.<sup>9</sup> The detriments of this approach are clearly illustrated in the case of U.S. food aid, most of which directly benefits the U.S. farming sector: Surplus American grain is shipped overseas and distributed freely or sold cheaply in local markets.

Instead of preventing future hunger, this kind of aid pushes local prices down, edging peasant farmers out of business and creating greater demand for American-grown crops. Other grants stipulate the use of U.S. personnel, even when employing local workers would strengthen local capacity and be far more economical. A study of technical assistance in Mozambique found that donors were spending \$350 million per year importing 3,500 Western technical experts, at nearly five times the cost of the entire wage bill for Mozambique's 100,000 public-sector workers.<sup>10</sup>

Foreign assistance is also frequently “tied” to an administration's ethics: President Bush's Emergency Plan for AIDS Relief (PEPFAR) stipulates that all funded organizations must promote abstinence over condom use, despite evidence that this is not an effective way to prevent the spread of HIV/AIDS.<sup>11</sup>

<sup>1</sup> Sheila Herring and Steve Radelet, “Modernizing U.S. Foreign Assistance for the 21<sup>st</sup> Century,” *The White House and the World: A Global Development Agenda for the 21<sup>st</sup> Century*, Center for Global Development, 2008: 279. <sup>2</sup> Center for Global Development, *U.S. Foreign Assistance 101*, 2009. <sup>3</sup> Oxfam America, *Smart Development: Why US Foreign Aid Demands Major Reform*, 2008: 5. <sup>4</sup> A survey found that of the average American believes that 24 percent of the U.S. federal budget is spent on development assistance. (Program on International Policy Attitudes, *Americans on Foreign Aid and World Hunger: A Study of U.S. Public Attitudes*, 2001; Chicago Council on Foreign Relations, *Survey of American and European Attitudes and Public Opinion on Foreign Policy*, 2002.) <sup>5</sup> From largest percent GDP to smallest: Sweden, Luxembourg, Norway, Denmark, Netherlands, Ireland, Belgium, United Kingdom, Finland, Spain, Austria, Switzerland, France, Germany, Australia, Canada, New

## Urging President Obama to support reform

Foreign assistance should render itself obsolete over time by helping beneficiaries achieve self-sufficiency. To have a profound impact on poverty, it is critical that the current administration develop an effective global strategy for foreign assistance that prioritizes sustainability and empowerment. AJWS calls on the Obama administration to reform foreign assistance to address the root causes of poverty and respond in an organized, proactive way:

1. Where possible, funding should remain in-country, supporting the development of local skills and industry.
2. Local organizations should be given the flexibility to decide how to use resources most effectively.
3. Aid should be available in multi-year grants, promoting long-term organizational health and solutions.
4. Foreign aid should be efficient and transparent, eliminating redundancy and waste.
5. Foreign aid should be disseminated with human rights—rather than political agendas—in mind.

## The long-term benefits of Just Aid

If U.S. foreign assistance supported local capacity-building efforts and streamlined its allocations, poor countries around the world would rapidly develop long-term, sustainable solutions to poverty. In the end, the national security and self interests of all countries, including the United States, would be served by the ensuing reduction in global hunger, poverty and disease.

## A Jewish tradition of strategic empowerment

**“If your kinsman becomes poor and falters with you, you should strengthen him.”  
—LEVITICUS 25:35**

Jewish tradition espouses the value of preventive *tzedakah*. The medieval scholar Rashi, in his commentary on Leviticus, explains that this passage means:

*Don't allow [your kinsman] to descend and to fall because it will be difficult to lift him up. Rather, strengthen him from the moment that he falters.*

*[This is similar] to a load on a donkey. While it is still on the donkey, one person can grab it and hold it up, but once it falls to the ground even five people won't be able to raise it up.*

Today too, effective, strategic foreign assistance could help lift the weight of poverty before it gets too heavy to reverse.

Zealand, Portugal, Greece and Italy. Organization for Economic Development/Development Assistance Committee, 2008. <sup>6</sup> Center for Global Development, *U.S. Foreign Assistance 101*, 2009. <sup>7</sup> Oxfam America, *Smart Development: Why US Foreign Aid Demands Major Reform*, 2008: 11. <sup>8</sup> “The Future of Aid: A Scramble in Africa,” *The Economist*, September 4, 2008. <sup>9</sup> Oxfam America, *Smart Development: Why US Foreign Aid Demands Major Reform*, 2008: 23. <sup>10</sup> Oxfam International, “Credibility Crunch,” Briefing Paper 113, 2008: 17. <sup>11</sup> PEPFAR condones condom use only as a secondary prevention tool, and only among those who engage in what it defines as “high-risk behaviours” such as prostitution, substance abuse and sexual intercourse with an infected individual. Education about condoms is only condoned for youth when educators clearly outline the failure rates of condoms and promote abstinence as a more effective method.

# Justice-based grantmaking: AJWS empowers communities to fight poverty

AJWS supports nearly 400 grassroots, community-based organizations in Africa, Asia and Latin America that employ a justice-based approach to fighting poverty. Our partners mobilize their communities' own resources to address the root causes of poverty, human rights abuses, disease, conflicts and natural disasters. By investing in local knowledge, AJWS builds on existing expertise to support sustainable responses to systemic problems.

**Again and again, we hear from our grantees that the foreign assistance system is flawed because it does not respond to the needs of the people.**

Josette Perard, Director of The Lambi Fund, Haiti, an AJWS partner working to promote sustainable livelihoods, says about foreign assistance:

“With large-scale foreign aid, the organizations go and say ‘I’ll put something there,’ but maybe it’s not what the community wants. Often, these million-dollar initiatives fail because they don’t involve the people in the doing of the activity. But when you sit with the people and create things that they want, they succeed because they are in charge and they know best what will work. It is important that we empower communities, to help them make their own decisions, to be part of the decisions in government. When change comes, it will come from the people.”

## Get involved

If Just Aid is an issue you care about, visit [www.ajws.org/justaid](http://www.ajws.org/justaid) to learn more about grassroots solutions to poverty.



Pursuing Global Justice  
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