(RE)EMERGING AID DONORS IN THE RESHAPING WORLD ORDER

HOW TO CALIBRATE U.S. AND EUROPEAN FOREIGN ASSISTANCE TO SECURE TRANSATLANTIC INTERESTS

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Transatlantic Academy Paper Series

July 2014

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For more than 50 years, development aid has been a core form of Western engagement in the developing world. In order to further U.S. and European economic and national security interests, the transatlantic allies have provided loans, technical assistance, and direct budget support to developing nations in order to promote economic growth and more representative forms of governance therein. Representing roughly 80 percent of global development assistance, the United States and Europe have invested heavily to secure transatlantic priorities in these areas. As U.S. Secretary of State John Kerry said in 2013, foreign aid “is not a giveaway” or “charity” but instead “an investment in a strong America and in a free world” that “lifts other people up and then reinforces their willingness to link arms with us in common endeavors.”

Though differences exist between the United States and Europe, the foreign policy logic underpinning their provision of development aid is essentially two-fold: economic in that it can increase the number of free-market-oriented polities and swell the ranks of viable trading partners, destinations for Western goods, and sources for commodities; and security-related in that aid can help transition weaker states into reliable allies and enhance regional stability. Viewed from a broader perspective, Western development aid has been a pillar of liberal world order by directly or indirectly bringing peripheral polities closer to Western forms of governance and development.

The United States and Europe have not only been the “go to” sources for such aid but also dominated the architecture that governs this realm. This includes largely shaping the scope, norms, and rules that oversee development aid through their leadership in the OECD’s Development Assistance Committee (DAC), a group of aid-providing countries that adheres to stringent guidelines on aid objectives and transparency.

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3 U.S. Secretary of State John Kerry, “Address at the University of Virginia,” (February 20, 2013). Per the 2010 U.S. National Security Strategy: “Through an aggressive and affirmative development agenda and commensurate resources, we can strengthen the regional partners we need to help us stop conflict and counter global criminal networks; build a stable, inclusive global economy with new sources of prosperity; advance democracy and human rights; and ultimately position ourselves to better address key global challenges by growing the ranks of prosperous, capable, and democratic states that can be our partners in the decades ahead.”
4 In this paper, I focus on cooperation between the United States and the European Union. That said, I certainly recognize that other non-EU European countries — such as Norway and Switzerland — are also heavily engaged as aid providers.
5 Some also make a moral argument for aid, that lifting people out of poverty and expanding their freedoms is the “right thing to do.”
6 The United States has provided foreign aid for decades; however, it was not until Barack Obama’s 2010 Presidential Policy Directive on Global Development that this form of engagement was elevated as a “core pillar of American power” that along with diplomacy and defense “mutually reinforce each other and complement one another in an integrated comprehensive approach to national security.” The EU grants foreign aid similar importance as part of its Common Foreign and Security Policy and associated “external policy.” As the EU Consensus on Development says: “Combating global poverty is not only a moral obligation,” but “will also help to build a more stable, peaceful, prosperous, and equitable world, reflecting the interdependency of its richer and poorer countries.” And much the same as with the United States, the EU’s spending is guided by a commitment to achieve the UN’s Millennium Development Goals (MDGs) and eradicate poverty in so far as doing so is in the interests of its 28 member states. On the United States, see The White House, “Presidential Policy Directive on Global Development,” (September 22, 2010), http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy. And for the EU see “The European Consensus on Development,” (2006/C 46/01), http://ec.europa.eu/development/icenter/repository/european_consensus_2005_en.pdf.
The world in which the United States and Europe are providing such aid, however, is changing. As their economies and material strength swell, rising powers such as China and India are also increasingly “investing” with aid abroad. Bilaterally, China has expanded development assistance several fold, Turkey’s development agency is operational in 33 countries, and India will soon launch an aid provider. Other “middle tier” emerging economies — from Mexico to Indonesia — are also augmenting aid provision. Multilaterally, the so-called “BRICS” announced they will launch a development bank to rival the World Bank and the China and Russia-dominated Shanghai Cooperation Organisation (SCO) declared plans for a comparable initiative.

Similar to U.S and European motivations, the “rising rest” are doling out development aid to advance their political, security, and economic interests. This convergence in motivation aside, it is less clear whether emerging powers seek a so-called “free” world stemming from their aid and engagement overseas. Where Western aid has generally been tied to recipients making internal reforms toward the OECD-preferred “market economies backed by democratic institutions,” for example, it is increasingly clear that these new (or in many cases resurgent) donors have fewer such qualms. As Chinese President Xi Jinping said during his inaugural trip to Africa in March 2013: there will be “no political strings attached” to China’s “assistance” to states on the continent.

These development aid alternatives have yet to seriously rival, let alone supplant, the Western-devised and dominated aid architecture. At the same time, such changes signal that the transatlantic allies’ dominance of the development assistance agenda is being challenged in three ways with implications for U.S./European interests and the liberal world order’s future: as the primary source of development financing and aid; as the source of preferred models and intellectual frameworks for development aid provision and objectives; and as a means to tether developing states to and then bring them fully into the liberal world order.

Recognizing this shift, the United States and Europe have made some changes and associated progress by engaging a handful of aid players and enhancing transatlantic dialogue on aid cooperation. However, they need to go further — not only in expanding cooperation with select members of the rising rest but also by consolidating transatlantic aid priorities and objectives. The transatlantic community needs to further assess the implications of rising power engagement in the aid world and adjust their strategies accordingly.

This policy paper provides analysis and policy recommendations to help in this effort. Its central argument is that the United States and Europe cannot curb emerging power participation in an aid sphere they have dominated for more than half a century. However, by augmenting strategic

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10 Though much has been made lately of China and India’s recent surge in involvement in the development sphere, their involvement in this area started much earlier. China began providing ad hoc aid in the late 1950s and expanded this assistance to African states in 1963. As for India, it established an Indian Technical and Economic Cooperation in 1964.

engagement with rising assistance providers, further institutionalizing transatlantic foreign aid cooperation, and adjusting aid packages to be more competitive, the allies can secure their core interests as well as reinforce and continue to project principles undergirding liberal world order.

Focusing on bilateral development aid, this paper proceeds in three core sections. Following a brief overview of U.S./European aid, the second section discusses assistance provided by China, India, Turkey, Brazil, and Saudi Arabia including opportunities/challenges presented by their involvement and areas of convergence/divergence with the West. Based on this analysis, the final section presents policy recommendations for the transatlantic community to recalibrate its aid strategies and partnerships for this reshaping world order.
In line with the OECD’s DAC, the United States and EU member states have allocated foreign aid based on a “shared commitment to market economies backed by democratic institutions and focused on the wellbeing of all citizens” and desire to “make life harder for the terrorists” and other actors who “undermine a fair and open society.”

In pursuing these objectives, the United States and EU account for more than two-thirds of development aid spending worldwide. For fiscal year 2011, the United States spent $27.7 billion while EU institutions allocated $17 billion and the member states separately doled out $73 billion.

Bilateral aid from the United States and EU goes to more than 150 countries, largely in the form of conditional loans and grants. Aid is generally kept separate from trade and investment and spent in one of four areas and to achieve associated objectives:

- promote economic growth through infrastructure development and support to agriculture modernization;
- strengthen a country’s political system or health services;
- ensure access to food; and
- stabilize economies following external shocks.

Engagement in each area has ranged in scope and duration, from assisting a single electoral process to large-scale “state-building” efforts in Iraq and Afghanistan. In providing aid, the United States and EU, to varying degrees employ a “donor” and “recipient” approach. As donors, they set goals and objectives for programming as well as design initiatives. As recipients, the destination countries are consulted in the design and implementation phase of some initiatives. Historically, however, the role of recipients has been limited.

In recent years, the United States and EU have sought to make their aid more effective and signed onto various declarations promising to do so. As part of this effort, and spurred in some

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12 OECD, “Our Mission.” Official development assistance (ODA) is defined by the DAC as funding provided to developing countries or multilateral institutions that is “administered with the promotion of the economic development and welfare of developing countries as its main objective and is concessional in character,” meaning the donor country provides a form of subsidy. The funding must also have a grant element of 25 percent. OECD, “Official development assistance — definition and coverage,” see http://www.oecd.org/dac/.

13 There are two main bureaucratic entities responsible for allocation and use of EU development aid. The European Commission’s Humanitarian Aid and Civil Protection directorate-general (DG ECHO) is responsible for designing and delivering EU assistance to crisis/emergency situations including natural disasters or instability created by armed conflict. And the EuropeAid Development and Cooperation directorate-general is responsible for designing EU development aid policies and designing/delivering aid in the areas of poverty, food assistance, governance, and education. In contrast to the EU, the United States has a vast number of bureaucratic entities responsible for allocation and use of development funding. The majority of this is allocated to and used by the U.S. Agency for International Development (USAID), though other government bureaus including the Millennium Challenge Corporation (MCC) and units within the Department of State also receive funding for development aid.

14 Data from OECD DAC website, http://www.oecd.org/dac. This reflects humanitarian and development aid and does not include defense spending.

15 Ibid.

16 These figures reflect bilateral assistance to specific countries and exclude budget allocations to multilateral organizations such as the World Bank or African Union.


18 On the U.S. side alone, 60 percent of foreign assistance (Department of State and USAID) goes to 50 countries that are in the midst of, recovering from, or trying to prevent conflict or state failure.

19 In recent years, both the United States and EU have altered their foreign aid programs to make them more effective and
measure by the financial crises and need to most efficiently utilize spending, they began to shift from approaching aid separately to aligning objectives and cooperating to devise and implement target initiatives. This was formalized in 2009 with the EU-U.S. High-Level Consultative Group on Development ("EU-U.S. Development Dialogue"), a series of annual meetings to discuss aligning priorities, policies, and spending.20

In spite of the Dialogues, the transatlantic allies have not been as successful as hoped in aligning objectives and strategies or operationalizing those tactics and activities that flow from them. As others have pointed out with regard to the allies’ response to the Arab Spring,21 part of the result has been that emerging powers in general and China particularly have asserted themselves in areas where the West has retrenched.

20 These dialogues, relaunched in 2009, include up to three meetings per year between the second in command at the EU and U.S. development agencies. The dialogues also include an annual session between the head of USAID and the EU Commissioner for Development. Lower level staff at each agency also hold exchanges throughout the year on policy- and program-planning matters. The U.S. Department of State and the European External Action Service (EEAS) are also involved. For an overview of the dialogues including their history, see A. Gaus and W. Hoxtell, “The EU-US Development Dialogue: Past, Present and Future,” (Berlin: Global Public Policy Institute, July 2013).

As their material strength expands, the rising rest have continued to augment their involvement as development aid providers. In so doing, countries such as China, India, Turkey, and Brazil have emerged as alternative options for aid that countries may select over Western sources, and they have employed approaches divergent from the DAC model. Saudi Arabia is by no means an emerging power but is an increasingly influential player in the aid game generally and in the Arab world in particular. This justifies including it in the below analysis. In sum, these new or resurgent players have challenged Western influence in general and transatlantic approaches to and norms of development particularly.

These states share some motives for involvement abroad but have dissimilar views on how external actors should engage in sovereign states, distinct approaches to doing so, and discrete beliefs regarding broader goals of development aid. Understanding these nuances is vital to determining areas of convergence with (or divergence from) Western perspectives and crafting associated policy responses.

**China: Doubling Down on a Distinct Model**

China's engagement as a provider of development assistance has expanded in tandem with its economic resurgence. While Chinese development aid has clearly increased, the precise amount it is spending remains subject to debate.

Using the broader concept of "Foreign Aid and Investment Activities Abroad" that captures the wider array of China’s “aid” to developing states — including deals wedding low-interest loans and technical assistance with business and trade — its aid spans 90 countries across the globe and increased from $1.7 billion in 2001 to $124.8 billion in 2009 and again to $189.3 billion in 2011.

During this period, Latin America was the largest regional recipient of Chinese aid, followed by Africa.

Not unlike the United States and EU member states, China’s aid spending has closely paralleled its foreign policy interests. Recognizing that the West, some scholars and analysts have put forth estimates of China's spending that fit within the accepted definition of aid — grants and loans with a concessional nature, in addition to other traditional development programming. Using this measure, China’s foreign aid is growing yet remains somewhat modest. What these analyses gain in comparing China foreign aid side-by-side to its Western counterpart, however, they lose in overlooking the broader array of China’s “aid” to developing states. The latter is particularly important to note in so far as China (similar to other emerging donors) bundles aid to countries in “package deals” that wed low-interest development loans and technical assistance with business and trade deals. Unlike for DAC countries, there is no central and official repository for the amount of Chinese foreign aid.


Though China has only come through with (spent) 9.4 percent of that, the uptick in promised allocations is arguably indicative of its rising commitment to development aid as a foreign policy tool. C. Wolf, Jr., X. Wang, E. Warner, “China’s Foreign Aid and Government-Sponsored Investment Activities: Scale, Content, Destinations, and Implications,” (Washington, DC: RAND Corporation, 2013), pp. xiii.

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22 Three factors have motivated increased emerging power activity in this sphere: 1) to maintain and expand access to foreign markets necessary to fuel domestic growth; 2) to demonstrate their influence on the world stage; and 3) further diplomatic objectives.


24 Estimates vary depending on the definition and data used. In juxtaposing China’s foreign assistance to amounts allocated by.
sustaining economic growth at home relied on continued access to natural resources abroad, China’s policymakers have centered its aid portfolio accordingly — on securing new sources of oil and precious metals vital to manufacturing. 26 To that end, in the ten years through 2011, 42 percent of China’s aid went to projects to develop host country capacity to access natural resources and a further 40 percent to infrastructure development programs to enhance their capacity to extract and transport these resources. 27 Through loans, technical assistance, and other means, China helps countries develop capacity including railways and roads; in exchange China generally receives rights to export those materials for its domestic use. 28

Options and Approach:

Non-Interference with “No Strings Attached”

In pursuing its aid-related foreign policy objectives, China employs a framework that diverges from Western developed norms and approaches in three fundamental ways.

First, guided by its stance of “non-interference,” China deals bilaterally with central governments and does not provide aid to civil society organizations or other non-governmental entities.

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26 Mainly oil but also minerals including copper, uranium, and other materials.

27 C. Wolf, Jr., et. al., op. cit., pp. xiv.

28 They have also allocated humanitarian assistance and granted debt relief, but shifted mainly to resources/infrastructure since 2003. C. Wolf, Jr., et. al., op. cit., pp. xiii.
Second, China does not make provision of aid “conditional” on the recipient government meeting some minimum standard of governance/transparency or promising to make future reforms toward such aims. As a result, human rights-abusing rulers are just as eligible to receive Chinese aid as are “democratic” regimes. This differs from Western providers, who generally (though not always) withhold aid from repressive administrations or make it contingent on governments promising reforms. The implication is this: where Western aid arguably reinforces liberal order by incentivizing states to converge with less autocratic forms of governance, China’s aid at best does not offer similar encouragement and at worst encourages regimes to diverge from democratic practices.

Third and finally, China “bundles” its aid as part of deals that comprise investment by Chinese companies and trade. Where the West approaches governments as “recipients,” China (at least rhetorically) treats them as partners in relationships meant to be mutually (if not equally) beneficial. And this approach has become attractive to leaders in the developing world. In the words of Senegal’s former president Abdoulaye Wade, “China’s approach to our needs is simply better adapted than the slow and sometimes patronizing post-colonial approach” of European donors. This implication is that Chinese aid has increasingly become — particularly in Africa — an attractive option for governments wanting to grow their economies and business markets rather than simply receive direct budget line support in exchange for promising to hold “free and fair” elections.

Over the last five to seven years, however, the gloss on the so-called Chinese “model” has started to wear off. This is particularly true in sub-Saharan Africa, where opposition political parties from Zambia to South Africa have included anti-China pieces in their campaign platforms and workers have protested the shoddy working conditions in Chinese-operated mines. As Nigeria’s Central Bank Governor, Lamido Sanusi, reflected, “China is capable of the same forms of exploitation as the West … Africa is now willingly opening itself up to a new form of imperialism.” This rising discontent suggests an opening for renewed transatlantic engagement.

**Challenges and Opportunities: Convergence or Divergence?**

China’s engagement as a provider of development aid points to areas of convergence and divergence with the West that should be disaggregated into its multilateral and bilateral aid agendas. With regard to the former, China seems to be converging with the United States and Europe as it seeks a “soft landing” within multilateral fora. As others have rightfully noted, China’s commitment to achieving the UN’s Millennium Development Goals (MDGs) should be lauded. And its dedication to eradicating poverty and providing the UN with peacekeepers, among other efforts, point to potential areas of burden-sharing.

At the same time, China’s approach to bilateral aid clearly diverges from the Western model and, at present, seems to be the most viable and attractive alternative to that on offer from the United States and EU. Short-term probability of it supplanting the transatlantic allies is low, though this may increase in the medium to long-term.

Although China’s aid spending remains small relative to Western tallies, the two factors driving its engagement in this area and thus the trajectory

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31 As stated by Transatlantic Academy Fellow Lanxin Xiang.
of its involvement show few signs of abating: the need to fuel domestic resource consumption and the desire to project soft power. Accordingly, the Chinese-proffered model to development aid will remain — if not as a contender to displace the current Western model, at least as an alternative to it. This will pose two challenges to the transatlantic allies. First, the attractiveness of China’s aid deals pose challenges to Western access to natural resources and export markets. And second, the deals can encourage less democratic forms of governance and thus retrenchment — as opposed to extension — of liberal world order.

Turkey: Converging Toward the Western Model?
Turkey’s foreign aid has increased by nearly 3,000 percent in the last decade — from $86 million in 2002 to $2.5 billion in 2012. Where Turkey initially focused its aid in the Turkic and Muslim post-Soviet states of Central Asia and the Caucasus, its geographic involvement has expanded to the Balkans, Afghanistan, the Middle East, and Africa. The bureaucratic department that devises Turkey’s development policy and associated programs, the Turkish Cooperation and Coordination Agency (TIKA), now has field offices on five continents.

Turkey’s aid spending goes to one of four “fields of activity”: 1) improving public and civil infrastructure; 2) technical assistance and training to build government capacity; 3) education — from building schools to training teachers; and 4) health — from hospital construction to educating personnel. Turkey also funds “cultural cooperation” programs such as festivals and exhibitions in countries with populations of Turkish and “related communities” so as to foster stronger bonds between the homeland and associated populations.

Objectives and Approach: Consolidate Business Ties, Adhere to DAC Standards
This escalation in engagement is intimately linked to the ruling Justice and Development Party’s (AKP) rise and promise that “Turkey will be among the world’s ten leading powers” by 2023. To accomplish this objective, Turkey has employed a foreign policy of “strategic depth” to demonstrate influence abroad as well as safeguard business interests linked to domestic economic growth. Foreign aid is an integral part of this because it demonstrates Turkey’s ability to project influence and is a tool to establish, safeguard, and deepen relationships with potential markets for Turkish goods.

With regard to its approach to development aid provision, Turkey regularly involves and provides assistance to state- and non-state actors, particularly when attempting to resolve or prevent conflict in fragile states. This differs from China’s top-down engagement with central governments. Further deviating from China and other emerging donors, Turkey has generally pronounced

32 As reported to the DAC by Turkey.
35 Ibid.
37 In tandem with and guiding aspects of its involvement in development, Turkey employs what it describes as “proactive and pre-emptive peace diplomacy.”
adherence to DAC standards, objectives, and reporting requirements since the advent of its aid program. This culminated in Turkey signaling in 2013 that it might accept an invitation to officially join the DAC.\footnote{B. Özerli, “DAC offers Turkey membership,” Today’s Zaman (October 9, 2013).} Turkey’s internal troubles notwithstanding, its potential ascension to the group of donors is significant in that it would more tightly tether the emerging power to Western-developed standards and norms for aid goals, spending, and oversight.

**Challenges and Opportunities: Convergence or Divergence?**

Turkey arguably aims to fit within the current bilateral aid architecture as opposed to offering an alternative to or supplanting it. This suggests two potential areas of convergence and thus cooperation with the transatlantic allies.

First, by employing DAC standards, Turkey has signaled a probable commitment to the core Western-developed goals of development aid — market economies supported by democratic institutions — thus opening the door for collaboration. The transatlantic allies are looking to “share the burden” as it relates to development aid, and Turkey could be a viable partner. Should the United States and EU seek to cooperate with Turkey in this respect, then, they may not need to substantially compromise core goals or norms. Though it remains to be seen whether Turkish and transatlantic strategic objectives will align, its likely ascension to the DAC increases the probability of collaboration in aid provision.

And second, Turkey’s identity as a majority Muslim nation provides potential opportunities for collaboration in similarly populated recipient countries — particularly where Western and Turkish policy objectives align, yet the United States and EU cannot easily operate. In such areas, Turkey could be engaged as the lead player or implementer of aid engagement. Its successful involvement in Somalia\footnote{40} and role in international stabilizations efforts in Afghanistan via participation in Provincial Reconstruction Teams (PRTs) point to this.\footnote{In 2011, Turkish Prime Minister Recep Tayyip Erdoğan became the first sitting head of state to visit Somalia in two decades, a visit that initiated Turkey assuming a leading role in providing aid famine relief there. A. Ali, “Turkish aid in Somalia: the irresistible appeal of boots on the ground,” The Guardian (September 30, 2013).}  

**India: Expanding Beyond Its Immediate Neighborhood**

Since the 1990s, India has been attempting to transition from aid recipient to donor. Indeed, the United Kingdom announced in 2012 it would end aid to its former colony in response to “India’s changing place in the world.”\footnote{41} New Delhi’s foreign aid budget in the four years through May 2013 grew on average 32 percent annually, reaching $1.3 billion.\footnote{T. Ross, “Britain’s £280 million aid to India will be scrapped,” The Telegraph, (November 9, 2012).} Perhaps reflecting the centrality of development aid to India’s foreign policy toolkit moving forward, in 2012 it announced plans to launch a central aid agency (the Development

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India employs the broader framework of “South-South Cooperation” rooted in its involvement in the Non-Aligned Movement (NAM) wherein engagement is a multi-faceted “mutually beneficial” relationship between two equal states.

Partnership Administration) that will allocate $15 billion in aid through 2017.\textsuperscript{43}

Historically, India has focused foreign aid on its immediate neighborhood and promoting regional stability\textsuperscript{44} but in recent years expanded its geographic reach to 60 countries across Africa, Asia, and Latin America.\textsuperscript{45} From 2005 to 2010, the top ten recipients of aid included neighbors such as Sri Lanka and Afghanistan but also African states including Mali, Ghana, and Ethiopia.\textsuperscript{46} In selecting potential recipients, India has provided funding to countries of comparable levels of development as opposed to fragile or “failing” states.\textsuperscript{47}

India’s aid is focused in three main areas:

- Training recipient nations’ civil servants, engineers, and other public sector employees (60 percent of aid).\textsuperscript{48}

- Loans to governments for spending in specific sectors to enhance state capacity (30 percent).

- Funding specific projects or targeted technical assistance for government institutions.\textsuperscript{49}

This includes lines of credit for acquiring items mainly for transport (vehicles, railway) or infrastructure (building hospitals or electricity grids). Credit is “tied” because monies must be used to purchase Indian goods or services.

Objectives and Approach:

Securing Political and Commercial Interests via “South-South Cooperation”

Two factors have driven India’s increased involvement in foreign aid. First, foremost, and similar to China and Western donors, to secure foreign policy related objectives: politically, to demonstrate capacity as a global power and obtain support for a permanent seat on the United Nations Security Council, among other ends; and commercially, to facilitate entry to foreign markets for Indian goods, increase access to oil to fuel domestic demand, and help grow Indian companies through “tied” lines of credit.

India’s approach to providing aid diverges from the Western model. Similar to China and Turkey, yet representing a more central aspect of its approach, India employs the broader framework of “South-South Cooperation” rooted in its involvement in the Non-Aligned Movement (NAM) wherein engagement is a multi-faceted “mutually beneficial” relationship between two equal states.\textsuperscript{50} In line with

\textsuperscript{43} The agency’s scope is described on the Indian Ministry of External Affairs website, http://164.100.128.60/development-partnership-administration.htm.

\textsuperscript{44} This includes Bhutan and Nepal, where India has been a leading donor for the last 60 years.

\textsuperscript{45} When including its export of technical experts. “India’s foreign aid program catches up with its global ambitions,” Devex (May 13, 2013).

\textsuperscript{46} As summarized by Aid Data, “India Opens Up its Aid Tap,” (September 21, 2010).

\textsuperscript{47} Because India “possess[es] skills of manpower and technology more appropriate to the geographical and ecological conditions and the stage of technological development” similar to itself.

\textsuperscript{48} Civil servants from 156 countries across the globe “are invited to share the developmental experience acquired by India over the six decades of its existence as a free Nation.” This is conducted through the Indian Technical and Economic Cooperation Programme (ITEC), founded in 1964 and representing its first form of bilateral aid. As described on the Development Partnership Administration website, http://itec.mea.gov.in/.


\textsuperscript{50} Since the 1950s, this approach has called for mutually beneficial economic cooperation and growth and set forth agreements for exchange of technical assistance between countries. The seminal meeting for the NAM was the Bandung Conference of Asian and African States of 1955. The final agreement from the Bandung event, the Declaration on the Promotion of World Peace and Cooperation, and the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation Among Developing Countries
India’s ambivalence toward promoting liberal norms aside, the United States and EU could seek to engage New Delhi on a case-by-case basis where there is overlap in strategic objectives, particularly as it relates to stability in India’s immediate environs.

**Challenges and Opportunities: Convergence or Divergence?**

India’s engagement as a provider of foreign aid points to areas of divergence from and convergence with the West.

With regard to divergence, India has put forth an alternative model for aid provision by staying true to the principles of NAM and associated non-interference. In so doing and similar to China, it has offered aid coupled with business deals and lines of credit, with few contingencies on internal change. Together with its reticence to join the DAC, and general ambivalence toward promoting liberal norms, India’s efforts are unlikely to fully converge with the extant Western model anytime soon.

Despite not adopting the West’s approach to aid provision, however, India has no designs on attempting to displace the current Western aid architecture or rival the United States and EU as the go-to source for aid. This is reflected in the paltry resources it has allocated to erecting the infrastructure necessary to project aid or mount any such challenge, for example, assigning only 20 people to the soon-to-be launched Indian Development Agency and having a diplomatic corps, who would conceivably help identify and secure aid deals, of only 900 (for a population of 1.2 billion). Moving forward and in the short- to medium-term, then, India will continue to be an alternative source for aid but not a rival model.

**Brazil: Broadening its Bilateral “Aid” Engagement**

Brazil has been engaged in South-South cooperation on development initiatives for the better part of the last 40 years but since the early 2000s has increased the spending and geographic reach of these efforts. During the presidency of Luiz Inácio Lula da Silva (2003-10), Brazil increased its development cooperation spending from $158 million in 2005 to $362 million in 2009. This included increases in humanitarian assistance from $750,000 to $43.5 million and in technical cooperation from $11.4 million to $48.9 million.

In parallel with this increase in spending, Brazil expanded the geographic reach of its aid engagement — from 21 countries in 2003 to 56 in 2009. During this time, Brazil maintained its focus on cooperating with South American nations but expanded its engagement in (mainly Lusophone) Africa. With the increase in countries came an associated escalation in number of active programs and activities — from 23 total engagements (projects/programs/activities combined) in 2003 to 189 projects in 2009.

Brazil spends aid dollars in various areas but mainly in:

- education and providing scholarships;

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(1978), essentially laid out the “South-South” approached to development assistance many emerging powers employ today.

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52 Ibid.

Since Lula assumed office, one of the core Brazilian national security objectives has been to demonstrate autonomy from “the North” and in so doing increase Brazil’s global influence.

Objectives and Approach: Exert Influence Globally, South-South Cooperation Based in “Solidarity Diplomacy”

The escalation in Brazil’s aid is intimately linked to the foreign policies of Lula and his successor Dilma Rousseff (2011-present). Since Lula assumed office, one of the core Brazilian national security objectives has been to demonstrate autonomy from “the North” and in so doing increase Brazil’s global influence. Principally, this involved engaging in “solidarity” diplomacy with other states in the global South. A prominent component of this approach has been South-South development cooperation. In line with this purported form of diplomacy, Brazil presents working hand-in-hand with neighbors (such as Bolivia) or Portuguese-speaking African countries (such as Mozambique) on development programs or technical cooperation as strictly mutually beneficial cooperation — that is, work devoid of ulterior political or economic motive. This rhetoric aside, it remains difficult to divorce Brazil’s expansion of South-South Cooperation from its economic and political objectives. Technical cooperation, for example, arguably opens or eases access to foreign markets for Brazilian firms. And concerning political motivations, Brazil’s aid program can be seen as a vehicle to assert leadership in Latin America as well as curry favor with countries relevant to Brasília obtaining a permanent seat on the UN Security Council.

Consistent with the aforementioned foreign policy priorities, Brazil’s approach to development cooperation is quite similar to that of India. Rousseff presents the rising Latin American power as a “Southern development partner” and refuses to use the Western terms donor and recipient country. Brazil views what is normally termed development “assistance” as “cooperation” between partners who exchange technical expertise and resources, without any conditionality. Similar to India and China, Brazil is not a DAC donor nor does it adhere to the donor group’s standards and reporting requirements.

Brazil has primarily pursued bilateral engagement but has arguably placed greater emphasis than other emerging donors on partnering with “traditional” (mainly Western) donors on “triangular” cooperation — the modality whereby one country (Brazil) and another partner cooperate to provide some form of technical insights or assistance to another country recipient. Brazil has engaged in triangular South-South cooperation with Germany and the U.K.; however, the Japanese remain Brazil’s biggest triangular cooperation partner. In 2010, they formed the Japan-Brazil Partnership Program (JBPP) and have worked together on technical areas ranging from water services to public administration and in countries such as Angola and Paraguay. Brazil has also worked with the United States on food security programs in Haiti and Mozambique, among other areas. They have also worked with other Southern partners on triangular cooperation — Argentina, for example — but to a lesser degree.

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34 For more information on these programs and Brazil-Japan cooperation specifically, see the JICA website. See http://www.jica.go.jp.

35 For an overview of Brazilian Co-operation Agency (ABC) triangular cooperation, see the ABC website: http://www.abd.gov.br.
Challenges and Opportunities: Convergence or Divergence?

Brazil’s engagement as a provider of mutually beneficial assistance (aid) points to areas of convergence and thus cooperation with the West.

Brazil clearly approaches development cooperation from a different vantage point than traditional DAC donors. In spite of this aversion to “Northern” DAC standards, however, Brazil’s commitment to the Millennium Development Goals and leadership in pushing for triangular cooperation point to potential areas of convergence and thus cooperation with the transatlantic allies. In particular, Brazil has expressed a commitment to putting some differences aside in the name of development goals (and the Brazilian national interest) by actively engaging Northern and Southern partners on development cooperation efforts.

Brazil’s approach and prior efforts point to opportunities similar to those arguably present with India. However, with Brazil, the United States and specific European countries already have a solid base of aid cooperation from which they can build. Moving forward, the United States, Europe, and Brazil might work together to assess existing areas of cooperation to identify best practices that can then be scaled up and cross-applied to engagement in additional locations. Particularly, the three actors have a shared stake in Africa, including but not limited to ensuring stability to quell terrorist threats, expanding economies to build (and increase access to) markets for goods, and enhancing domestic extractive capacity to augment their national resource options. To that end, they should prioritize increasing collaboration in specific countries on the continent.

Saudi Arabia: Expanding Beyond the Arab World and Bilateral Aid

The Kingdom of Saudi Arabia has been one of the largest aid donors in the world since 1973 (measured by ODA/GNI). From 1975 to 2005, Saudi Arabia provided $90 billion in ODA. Roughly equal to 3.7 percent of its GDP, this exceeds the UN target of 0.7 percent and is approximately four times the levels achieved by OECD-DAC members during the same period. Due mainly to escalating revenue from oil and gas, Saudi ODA has increased significantly since 2002.

Saudi Arabia’s desire to project and deepen its preferred Wahhabi model of Islam remains at the core of its aid spending. In line with this focus, the Kingdom has been the largest donor in the Arab world since the early 1970s. Low middle-income Arab countries have traditionally been the main recipients of Saudi development assistance. Between 1979 and 2005, around 49 percent of its total cumulative loan agreements were provided to members of the Arab League and 21 percent to non-Arab African countries, especially Ethiopia.

56 ODA in terms of humanitarian assistance and long-term development aid.
59 Accounting for 51 percent of all Arab aid between 1973 and 1979, 60 percent between 1980 and 1982, and 83 percent between 1983 and 1987, ibid.
61 E. Villanger, op. cit.
the Gambia, Côte d’Ivoire, Senegal, and Togo.62 Though the Arab world continues to receive the lion’s share of Saudi aid, the country has diversified its aid portfolio in recent years, in particular to South and East Asia.63

Ultimately, King Abdullah and the Saudi royal family are the key decision-makers and oversee the allocation of foreign aid. Carrying out the family’s directives are the Saudi Red Crescent Authority and the national aid agency, the Saudi Fund for Development (SFD).64 The largest amount of ODA is provided through the Ministry of Finance.65 The SFD provides long-term assistance in the form of bilateral concessional loans and grants — roughly 60 percent of the loans are provided for infrastructure projects,66 including transport, energy, water, and sanitation.67 Other loans promote non-oil exports by providing finance and development projects and insurance products.68

Objectives and Approach: Consolidate Vision of Islam, Expand Global Reach

Much the same as Western and (re)emerging donors, foreign policy objectives drive Saudi Arabia’s decisions on allocation of foreign aid. Arguably the principal such motivation has been to use assistance as a means to promote its preferred vision of Islam and strengthen Arab solidarity.69 Saudi Arabia views providing donations and helping poorer countries as a moral and religious obligation. Much the same as other donors, Saudi Arabia claims to provide aid to promote human well-being70 — but again, similar to the West and the rest, geopolitical motives drive spending.71 To that end, the Kingdom uses aid to shore up ties with like-minded Arab states and curry favor with countries that vote similarly to Saudi Arabia in the UN General Assembly.72

Through 2007, Saudi Arabia allocated roughly 85 percent of its foreign aid bilaterally. Driving this approach was the Kingdom’s purported emphasis on sovereignty and territorial integrity and stated preference to refrain from working with multilateral agencies. Saudi Arabia is not transparent with regard to its aid spending — little is known about project costs, loan terms, and

64 There are a number of governmental, semi-governmental, and non-governmental institutions that implement assistance in form of loans and grants.
65 Royal foundations and individual public campaigns and relief committees, which are all headed by members of the royal family, are also actively engaged in development assistance.
69 P. Kragelund, op. cit.
70 Saudi Fund for Development (2008), www.developmentfinance.org/en/component/docman/doc_download/6244-saudi-fund-30-04-08.html%2BSAUDI+FUND+F+FOR%2BDEVELOPMENT+%-%2B(SFD)%E2%80%93+Even+though+a+signatory+to+the+Paris+Declaration%2C+participation+of+the+Saudi+Fund+for+Development+in+the+2008+Paris+monitoring+survey+was+limited%2C+with+no+data+made+available+whatsoever.&hl=en&ct=clnk.
72 S. Bakrania, op. cit.
repayment conditions.\textsuperscript{73} Most information, data, and analysis about Saudi aid flows are incomplete, closed to the public, or summed up as “Arab” or “Gulf” donations.\textsuperscript{74} Similarly and again differing from DAC donors, Saudi Arabia generally does not make aid conditional on the recipient meeting some minimum standard of governance or transparency.\textsuperscript{75}

Though Saudi Arabia still prefers to provide aid bilaterally — and offers little information on the details of these endeavors — it has expanded engagement on multilateral aid efforts. The main beneficiaries are the Arab Fund, the Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development, the Arab Monetary Fund, the Islamic Development Bank, and the Arab Bank for Economic Development in Africa.\textsuperscript{76} Saudi Arabia is also increasingly cooperating with UN institutions, and it has agreed to engage in “new global partnerships for development” by 2016.\textsuperscript{77} In 2008, Saudi Arabia provided $500 million to the World Food Program, which is the largest amount the program has ever received.\textsuperscript{78} In 2010, the country reported 17 percent ($609 million) of its total aid as multilateral.\textsuperscript{79}

\textbf{Challenges and Opportunities: Convergence or Divergence}

Saudi Arabia’s aid points to some potential areas of cooperation with the West. Two stand out:

- The Kingdom’s shift — albeit gradual — in recent years to expand spending to non-Arab states suggests that the sphere of potential Saudi cooperation with the United States and Europe is expanding. In charting its future aid agenda, the United States should consider leveraging its strong alliance with the Kingdom to further expand cooperation on aid.

- Saudi Arabia has clearly escalated contributions to multilateral fora or initiatives in recent years. Even if the United States and Europe do not see eye-to-eye with the Saudi royal family on their bilateral agenda, the transatlantic allies should laud (and aim to augment) the Kingdom’s multilateral spending if for no other reason than that it represents an additional influx of cash.

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\textsuperscript{73} Reality of Aid (2010).

\textsuperscript{74} S. Bakrania, op. cit.

\textsuperscript{75} Ibid.

\textsuperscript{76} D.L. Shushan and C. Marcoux, “The rise (and decline?) of Arab aid: Generosity and allocation in the oil era.”


\textsuperscript{78} Also, in 2008, King Abdullah bin Abdulaziz initiated an energy initiative in cooperation with the World Bank. K. Al-Yaha and N. Fustier, op. cit.

The analysis above points to two trends with implications for transatlantic engagement in foreign aid: as a means to secure U.S. and European interests and extend liberal world order. First, it is no longer realistic to expect that the transatlantic allies will remain the “only game in town” with respect to development aid. Rising power engagement in this area is here to stay. Yet, the United States and Europe need not view competition in the marketplace of aid sources and approaches as a zero sum game. Rather, they should continue to pursue opportunities for collaboration with like-minded and even not-so-like minded (re)emerging donors.

Even though this aspect of world order is clearly in transition, the United States and EU remain in a dominant position that they should leverage in order to shape how aid is provided moving forward and in so doing secure their interests. This will likely require consolidating priorities, objectives, and resources.

And second, the alternative models on offer from new (or resurgent) donors are progressively attractive to (and being selected by) potential recipients. These developing nations want trade and access to Western markets rather than (only) conditional loans and technical assistance. As the head of the U.S. Agency for International Development said regarding how the United States (and by extension Europe) benefits from allocating bilateral aid: “By doing good, we do well.” Whether the transatlantic allies continue to reap such rewards of “doing good,” however, depends on remaining a preferred model for effecting and maintaining this “good.” The mere presence of alternate aid sources/models does not call into question the Western approach per se but may suggest that the United States and EU need to adjust and update their aid framework and agenda. And in so doing, they could arguably benefit from recalibrating it to include elements on offer from the new players.

To account for these trends and rising power engagement, the transatlantic allies should consider the following three policy options to re-calibrate their global development agenda.

1. Scale Up Strategic Engagement with Rising Powers as Development Partners

Policy statements have rightly called for “burden sharing” with “emerging centers of influence” and described initial steps for doing so. In line with such statements, the United States and Europe already collaborate with select (re)emerging donors — or what the United States terms “pivotal states” — on development aid. Moving forward, however, the United States and EU should go further and strategically expand these forms of collaboration.

They should do so by identifying additional technical areas and regions of shared importance; assessing and then scaling up best practices of existing cooperation; and establishing concrete mechanisms to engage like-minded emerging donors on aid-related issues of shared importance.

Areas where results matter more than who gets the credit — such as conflict prevention/management — are ripe for expanded engagement, which would provide cost-sharing opportunities in an era of ever-tightening aid budgets and a means to consolidate relationships with select

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81 For the United States, this is commensurate with the QDDR’s call for “building relationships” and “burden sharing” with “emerging centers of influence.” The QDDR calls for holding “Strategic Dialogues” with emerging centers of influence such as India, China, and Brazil. “The First Quadrennial Diplomacy and Development Review (QDDR): Leading Through Civilian Power,” (Washington, DC: United States Department of State, 2010).
members of the rising rest. Other immediate areas for collaboration might be in “un-permissive environments” where the United States and Europe need to secure core interests but perhaps are not welcome as the “face” of aid or associated programming. Turkey’s involvement in Somalia and India’s aid to parts of Afghanistan are two examples of rising powers perhaps being more welcomed (and effective) than the traditional transatlantic donors.

But, the United States and EU should also extend engagement to the not-so-like-minded; this is particularly the case with China, which the transatlantic community would benefit more from engaging than ignoring or attempting to route around. The United States was slated to initiate aid cooperation talks with China and the EU recently indicated it will add development aid cooperation as an issue to ongoing EU-China “policy dialogues.”

Through this forum, the EU and China should identify neutral issues for aid-related cooperation in regions of shared importance. To begin, this could involve the EU proposing working with China to fund water, sanitation, and hygiene programming in sub-Saharan Africa. The end result of such efforts could contribute to stability and baseline well-being for potential purchasers of Chinese/Western goods — and therefore benefit the transatlantic community and China alike. Stand-alone merits aside, these “low-hanging fruit” areas of engagement could lay a foundation for subsequent cooperation in other more complex or politicized spheres.

In crafting strategies for pursuing such avenues of expanded collaboration, the Atlantic democracies need not reinvent the aid collaboration wheel. Indeed, the United States and select European donors have laid a solid foundation of cooperation and programming from which to learn and expand. Since 2010, the United States has cooperated with Brazil on food security in Mozambique and Haiti. It is also engaged with South Africa on, among other programs, civil service strengthening in South Sudan and decentralization in the Democratic Republic of Congo. EU member states are also heavily involved with (re)emerging donors — for example, Germany works closely with Brazil. These are but a few examples.

Even with this important body of work established, the Atlantic democracies should assess what forms of cooperation have been effective — and those that have not — with the goal either of identifying best practices and effective modalities that can then be applied elsewhere or detecting shortcomings so that new strategies can be devised to fill such gaps. The European External Action Service and USAID could work together and pool resources to conduct such a review of all technical intervention areas — from primary education to governance — and geographic regions.

Without the benefit of having performed such analysis, three existing modalities and programs seem worth considering for expansion. These include efforts focused on working with (re)emerging donors to build their own aid delivery capacity as well as cooperation with such donors on aid provision in other countries.

First, the United States and EU should explore expanding staff exchanges between their aid agencies and those of emerging powers. The United States arguably pioneered this approach through its USAID staff exchange with Brazil’s ABC aid agency. Since signing a memorandum of understanding in 2011, USAID has had a staff person working in the offices of Brazil’s ABC, and vice versa. According to some, this program has facilitated triangular cooperation between the two countries in third states as well as fostered peer-to-peer learning.

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82 Discussion with an anonymous European External Action Service (EEAS) representative, Brussels (January 2014).
about their counterpart’s aid modalities and programming. Plans are also underway to launch a similar program with Indonesia. This type of program could be expanded to other partners.

Second, the transatlantic allies should scale up efforts to help emerging donors establish new — or enhance capacity of existing — aid agencies. Again, the United States is leading the way at least initially through its work with Indonesia’s nascent development aid agency. As outlined in USAID’s Indonesia country strategy, the United States is helping “lay the groundwork” for establishing an Indonesia International Development Agency (“Indo Aid”). This agency would then be the central department through which Indonesia distributes its aid. It is too early to determine whether U.S. assistance to help build Indo Aid’s capacity has been effective. Even so, the intention bears further consideration and perhaps cross-application. Making initial modest investments in emerging donors’ internal capacity to deliver aid externally may make them more viable partners for cooperation in the future.

Third and finally, the United States and Europe can work to selectively expand triangular cooperation with emerging donors. The United States and Europe are already moving in this direction. In so doing, however, they should step back and take stock of existing Triangular efforts to gauge what existing methods of communication and cooperation have been effective. As others have rightfully noted, there is no singular “best” modality for triangular cooperation — instead, aid collaboration needs to be specific to the partners and country context involved. Be that as it may, the United States and Europe could survey existing models of cooperation to identify best practices in coordination and in-country cooperation. The purpose of this exercise would be to identify potential solutions to two oft-cited drawbacks of working with emerging donors in third countries — difficult communication and the potential for high transaction costs.

By expanding collaboration with more (Turkey) or less (China) like-minded emerging powers, the United States and Europe would not be pursuing cooperation for cooperation’s sake. Rather, they would be solidifying mutually-beneficial partnerships that — in addition to cost-savings and potential development gains — could lay a basis for tackling bigger issues of the coming decades, from climate change to the next Syria.

2. Deepen U.S. /EU Cooperation and Define a Division of Labor

Through the EU/U.S. Development Dialogues, the transatlantic allies have made admirable progress in aligning aid policies and country-specific priorities. Moving forward, these formalized discussions could be the primary venue for coordinating the efforts described above. Given the rise of foreign aid alternatives and competing priorities at home, however, they should deepen cooperation on foreign aid objectives, approaches, and spending. This shift to more institutionalized transatlantic policy alignment and collaboration should entail short- and long-term changes crafted to ensure cost savings as well as shore up the transatlantic community’s preeminent position as a model for aid provision and the liberal principles this aid seeks to promote.  

Short-term steps should focus on maximizing aid spending by constructing a viable division of labor between the United States and Europe. As the U.S. 2010 Global Development Policy rightly notes, Washington “cannot do all things, do them well, and do them everywhere.”

Short-term steps should focus on maximizing aid spending by constructing a viable division of labor between the United States and Europe. As the U.S. 2010 Global Development Policy rightly notes, Washington “cannot do all things, do them well, and do them everywhere.” And the same goes for

83 The United States and European Union can and should also work with non-EU members on aid cooperation. Given time and space constraints, however, in this paper I focus only on outlining ways in with the United States and EU can enhance collaboration.
Europe. Building from plans already established via the Dialogues for cooperation in a handful of priorities/geographic areas, the United States and EU should take stock of aid priorities across all technical areas (from democracy and governance to education) and regions. Their short-term goal should be to maximize aid dollar effectiveness in agreed areas. Simultaneously, they should devise a 15-25 year strategic framework that consists of priorities for all technical areas/regions and an associated work-plan for dividing responsibilities in these areas.

Equally important to consolidating priorities within the transatlantic alliance, however, is solidifying its approach to those countries outside of it. This goes for aid goals and other strategic interests. Accordingly, the United States and EU should use the Dialogues to align priorities and positions vis-à-vis emerging power aid providers. The United States and EU could leverage these shared positions to better advance transatlantic interests and perhaps influence emerging donor spending and priorities.

A long-term objective for the allies could be to move toward a consolidated U.S./EU development institution where pooled resources are implemented through common delivery mechanisms. In addition to cost-savings, such a “Transatlantic Development Assistance Partnership,” or TDAP, could present a united front for preserving Western aid objectives — assistance linked to reforms toward “market economies backed by democratic institutions” — to alternatives on offer from the likes of China, who offer aid with “no political strings attached.”

3. Diversify Aid while Staying True to the DAC Model

Coupled with the changing landscape of aid providers, the outlook and influence of traditional aid recipients has also changed. Stemming from their internal growth and in some cases rejecting what they see as neo-colonial approaches of the past, developing states want mutually beneficial trade and business rather than only conditional loans and technical assistance. The extant “donor to recipient” model is outdated and the transatlantic community needs to continue taking this into account when devising its aid approach to such countries.

Accordingly, the United States and EU should continue to broaden the scope of aid to include “packages” comprised not only of budget support and program funding, but also trade deals and foreign investment. In the short term, the allies should slightly alter aid packages to include more concrete links between aid and trade. This would make transatlantic aid more competitive in the evolving international marketplace of ideas by shifting it further toward local needs and desires. And it would be in keeping with prior statements and policy directives that point to the need for “Aid-plus.”

In diversifying aid in this manner, however, the allies should continue to make such assistance conditional on recipient adherence to governance and transparency standards. This is important for normative and national security reasons. On the former, a full shift away from conditionality may

84 In 2009, the United States and EU restarted the high level Development Dialogues and agreed to work together on three common priorities: food security and agricultural development, climate change, and the Millennium Development Goals. They then constructed a “roadmap” for implementing work together on food security. For this, see “EU-US Transatlantic Development Dialogue: Road Map for Cooperation in Food Security — 2010-2011,” http://ec.europa.eu/development/center/repository/eu_us_roadmap_food_security_en.pdf.

85 In 2012, the United States laid out a new strategy for sub-Saharan Africa that shifts the United States’ approach from aid provider to broader engagement that includes trade and investment. The White House, “U.S. Strategy Toward Sub-Saharan Africa,” (June 2012).
signal that the United States and Europe are no longer firmly committed to helping the citizens of the world enjoy the benefits of freedom and openness on which the transatlantic democracies are grounded. And regarding national security, some measure of conditionality will ensure that aid pushes recipient nations toward more representative and pluralistic societies proven to be — over the long haul — more stable and prosperous.

In the long term, the United States and EU could include possible trade links to the (still pending) Transatlantic Trade and Investment Partnership (TTIP) as a powerful conditional component to their broader aid packages. Should TTIP pass, the United States and EU could offer preferential trade treatment or opportunities for “docking” (partial entry) to TTIP to aid recipients in exchange for promises to make internal reforms. By staying true to the DAC model and retaining some such aid contingencies, the United States and Europe can help ensure aid incentivizes convergence with — rather than divergence from — more representative forms of government.

To conclude, the United States and Europe cannot curb emerging power participation in an aid sphere they have dominated for 50 years. However, by strategically engaging rising assistance providers, further institutionalizing transatlantic aid cooperation, and adjusting aid packages to be more competitive, the allies can secure their core interests as well as reinforce and continue to project principles undergirding liberal world order.