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POLITICS-US:

War on Terror Leaves Foreign Aid Largely Intact

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WASHINGTON, Jul 20 (IPS) - Funding for the U.S. war on terror has not diverted money from other bilateral foreign aid programmes or anti-poverty plans in Africa or Latin America, but the new funds most likely came from cuts in aid to politically important countries like Israel and Egypt, a U.S. think tank says in a new report.

The report by the Washington-based Centre for Global Development (CGD) appears to dispel a widely-held belief that the launch of the so-called U.S. "global war on terror" (GWOT) after Sep. 11, 2001 has fundamentally altered U.S. foreign aid programmes.

"We didn't find there has been a shift in aid allocation from non-GWOT countries to GWOT countries," Todd Moss, one of the authors of the report, told IPS.

The report's findings contradict statements by several humanitarian and advocacy groups that say Washington increasingly views foreign assistance as a tool for national security, and that the U.S. obsession with the Muslim world is deflecting attention from other development priorities while expanding the role for the military in delivering aid overseas.

The civil society organisations argued that the cost, complexity and controversy surrounding the high visibility programmes in Iraq and Afghanistan, two countries with massive U.S. military operations, were eroding support for the myriad challenges to development and growth in Africa, Latin America and other critical regions.

After the attacks on the Pentagon and New York's World Trade Centre, the administration of Pres. George W. Bush forged a national security strategy that united diplomacy, defence and development, in which aid was officially tied to the self-styled war on terror.

But the CGD report released Wednesday now says that any major changes in aid allocation related to the war appear to have affected only a handful of critical countries -- namely, Iraq, Afghanistan, Jordan, and the Palestinian territories.

The extra resources to these countries came from overall increases in the bilateral aid envelope, combined with declines in aid to Israel, Egypt, and Bosnia and Herzegovina.

The report studies country allocations only from the U.S. Agency for International Development (USAID), the principle aid agency of the U.S. government, over 1998-2001 versus 2002-05, the period after the Sep. 11 attacks, and did not cover the composition of flows by sector.

The 20-page report asserts that there has been no change in allocations of aid flows to the rest of the world, including to sub-Saharan African countries.

Sub-Saharan Africa is the region most dependent on external assistance, and USAID funding to African countries is arguably the most clearly intended for development purposes.

This contradicts what international advocacy groups like InterAction and Oxfam have said about the war on terror. An Oxfam report titled "Paying the Price", which came out in December 2004, said the new U.S. posture "will divert aid away from the poorest countries and communities, and weaken donors' commitment to poverty reduction."

Oxfam said that "a new era of political aid-giving, driven by such narrow concerns for the donors' own security, poses a real threat to efforts to reduce global poverty."

But the CGD paper finds that the new U.S. policy resulted in post-9/11 total USAID assistance of 27.5 billion for the four years between 2002 and 2005, or a 39 percent increase over the 19.8 billion dollars cumulatively spent between 1998 and 2001.

The study finds that Iraq and Afghanistan appear to account for almost all of this increase, and that total aid excluding these countries

remains nearly unchanged at 20 billion dollars.

According to the report, the main beneficiaries are Iraq, Afghanistan, Turkey and Pakistan, followed by Jordan and the Palestinian territories, all Muslim countries and with links to the war on terror.

The countries that lost aid include Israel, Egypt, Bosnia Herzegovina, Ukraine and Russia.

While Israel, a politically important country to Washington, remained the single largest USAID recipient, it had accounted for nearly 20 percent of total aid between 1998 and 2001. In the post-9/11 period, Israel saw a decline in USAID flows of 50 percent in real terms, says the report.

But Oxfam told IPS in an email message that the new CGD report actually proves that increases in aid money are not going to the neediest countries, like those in Africa.

"U.S. aid money is increasing, and while this is welcome, we need increases in aid to also go to the very poorest countries," said the Oxfam statement. "As the research shows, increases are largely going to Iraq and Afghanistan, not the world's poorest nations."

But Todd Moss of CGD insists that a diversion of funds never occurred.

"What we are interested in is not whether aid to Afghanistan and Iraq went up -- of course it did -- but whether there has been a fundamental shift among the other 120 countries or so of the world that receive U.S. aid, and that didn't happen," he said.

The report concludes: "There may also have been a subtle shift outside such countries toward those with higher shares of Muslim population."

"Time may tell whether this is the beginning of a larger trend. But at this point, concerns that there is a large and systematic diversion of U.S. foreign aid from fighting poverty to fighting the GWOT do not appear to have been realised." (END/2005)

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