

# A new strategy for solving America's foreign aid problem

By [Robert Goodwin](#), Published: August 3

*This piece is part of a [leadership roundtable](#) on U.S. foreign aid, in light of the crisis in Somalia — with opinion pieces by [Sen. John Kerry](#), Fletcher School Professor [Astier M. Almedom](#), Share Our Strength Founder [Bill Shore](#), Wharton School Professor [Stuart Diamond](#), and Executives Without Borders CEO [Robert Goodwin](#).*

Given the current budget challenges, famine in Somalia and recent discussions about restricting [foreign aid](#), America is at a crucial nexus for looking at its overall framework of aid implementation.

One of the greatest strengths of the United States is the compassion of the American people. We are the most generous nation on earth in our support of helping those in need, from the earthquake in Haiti to famine in Somalia. When channeled correctly, this compassion can be an incredible force for good. Many times, however, our good intentions do not achieve the desired result.

There are many examples of misguided responses—jackets sent to warm climates, pork products sent to Muslim nations. During the Afghanistan War, I was a logistics director for USAID responsible for getting aid to civilians affected by the conflict. On one occasion an American town told us they bought an expensive ambulance and wanted the government to transport it to Afghanistan. We had to refuse, because there were no parts or maintenance available for a General Motors ambulance in Afghanistan. Those looking to donate the vehicle were upset, and the request moved up the ranks from their congressman to the White House. Ultimately the ambulance was transported. I don't know what ever happened to that vehicle, but I do know it provided no benefit to the Afghan people.

What we see in America is an aid dichotomy: an ardent individual generosity, and yet so little public support for foreign aid. This really hit home recently when I attended a town hall in my hometown of Ft. Myers, Florida. The congressman asked attendees for ideas on how solve our budget and fiscal problems. The most popular ideas? Getting rid of all assistance to Pakistan and dramatically slashing all foreign aid programs. Many had misconceptions about the size of our foreign aid budget (it's currently [less than 1 percent](#) of our entire budget) and attached no consequences to our world image and influence for cutting such aid.

It is true that, like the individuals' money spent on the ambulance, government money in the form of foreign aid can go to waste. In Iraq, we allocated \$300 million of the \$18.6 billion of reconstruction funds for the building of 300 new clinics—and then we awarded the contract to a U.S. company with no previous experience in Iraq. Due to their security requirement for protecting U.S. company personnel, the cost per clinic doubled, and their poor performance led to only 4 clinics being built. For all of the money spent, little benefit was seen.

Yet when spent correctly, the benefits of foreign aid can be enormous. In 2003, I was working with the Iraqi Ministry of Health. When we first arrived, the ministry was on fire and was looted down to its electrical sockets with 1,500 employees waiting outside for someone to tell them what to do. We used about \$2 million to hire Iraqi general contractors and artisans to rebuild and refurbish two 11-story buildings. The place provided much needed jobs, looked beautiful and created a buzz of positivity at the ministry—and this at a time when creating a positive response to U.S. involvement was crucial.

Many Americans would give a resounding yes to the question of financial support to our troops. They would give the same yes to the support of job creation. Yet, they would give a resounding no to keeping our foreign aid budget at current levels. The challenge is communicating to them the role that foreign aid can play in supporting our troops overseas and creating jobs here at home. As long as there is little understanding of the national security and economic implications of foreign aid, there will be little public support.

A new framework is needed to pull the pieces together, and create a strategy that uses foreign aid as a catalyst to leverage all aspects of national power. The current \$50 billion of U.S. aid money can do great things, but can do even more when it helps bring together an even larger framework for private investment and giving.

Many U.S. companies are looking to invest in African, Asian and Latin American countries—many of the same countries that are security priorities for the United States. It's a challenge for American companies to operate in such places due to political risk and security concerns. Foreign aid money can help “buy down” the risk for such investments and operations (as well as create conditions for such investments to succeed) by empowering democracy and good governance to reduce corruption, and by helping to improve health and education.

One opportunity for such a strategy is the new country of South Sudan. We spent billions to support those affected by decades of war. Why now wouldn't we take the opportunity to help them construct a future? We cannot afford to have another failed state in Africa; it's in our national interest to see South Sudan succeed. Part of the key to South Sudan's success is developing its incredible natural resources and building its infrastructure, both of which would provide the jobs and stability needed to help the new country maintain its sovereignty. And the kicker? U.S. mining, oil and construction companies could fill this need.

Foreign aid money should be partnered with private capital to share the risk of working in such a country. Likewise, corporate social responsibility dollars and corporate expertise should be partnered with foreign aid programs to improve health and education outcomes. This isn't just generosity; it will ensure a quality local workforce, and help the local population see the benefit of U.S. foreign investment.

Successful business development overseas in turn leads to more jobs for U.S. workers as we identify markets for our products and services. Done well, this creates a virtuous cycle: at the same time as we drive new opportunities for American companies and workers, we also drive a better image of the United States abroad. And as our image improves, so does our engagement and diplomacy with other nations.

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