

# Re-allocation of Official Development Aid as a Strategy against Terrorism

## PhD Research Design

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Terrorist attacks of 9/11 caused a major shift in the perception of foreign assistance, official development aid (ODA) and other instruments of cooperation with third world countries. According to Lael Brainard the myth that failed states far from US territory can hardly pose a significant threat has evaporated.<sup>1</sup> ODA, previously only seldom used in the context of homeland security, started to be operationalized as a security strategy. Re-allocation of financial resources thus joined military force and diplomacy to form the strategy triad, used by the US administration to fight back terrorism.<sup>2</sup> At the same time, old dilemmas linked with providing foreign assistance to third world countries have been revived: although security experts understand that the most efficient strategy against terrorism is support of open, democratic societies, favourable of economic development and thus diminishing the environment harbouring extremist / radical ideologies, Western countries are in practice often forced to cooperate with non-democratic regimes.<sup>3</sup> An already existing rift has further deepened – the discrepancy between ODA as an instrument of the donor to promote its own strategic and economic interests versus ODA as a way to

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<sup>1</sup> Brainard, Lael (ed., 2006): Security by Other Means. Foreign Assistance, Global Poverty, and American Leadership. Pre-publication Draft, Brookings Institution.

<sup>2</sup> The National Security Strategy 2002 lists ODA as key to national development and upholds it together with defence and diplomacy as a cornerstone of foreign policy.

<sup>3</sup> Former chair of the Committee for Foreign Relations of US Senate claimed in January 2001 that development assistance is packing the pockets of corrupt dictators, and providing for salaries of over-inflated and still proliferating bureaucrats.

alleviate poverty and social strife in the recipient country. Concurrently, two basic axioms of financial assistance have been challenged:

- 1) Providing foreign assistance actually does reduce poverty and advances economic development.
- 2) Spread of extremist ideology, an underlying feature of terrorist thought, has a relation to desperate living conditions.

Both the presumptions stem from the perception of failed states as growing threat for homeland security.<sup>4</sup> Financial resources re-allocation thus became a legitimate 'soft force' strategy, ever more stressed in today's security environment, just besides the 'hard force', which is military. Furthermore, a clear shift in the operationalization of ODA into the 'hard security' discourse can be observed. The US now witnesses an intense debate over the future of foreign assistance<sup>5</sup>, while NGO express concerns over the perception of ODA as an instrument of promoting self-interests, ensuring homeland security. I therefore consider worthy to evaluate the to-date development and consequences of using ODA as a security strategy, in both its aspects. My aim is therefore to examine this strategy as a complementary instrument in the fight against terrorism. Methodologically I will build on the theory of Composite Polity of Sidney Tarrow, which I will tailor to fit the horizontal relation between donor and recipient.<sup>6</sup> I therefore avoid the question of aid efficiency in term of economic development of the recipient country, the core issue of my interest is the link between the perceived threat of terrorism as the incentive; reaction to it in terms of financial re-allocation from countries posing as threatened, and final effect on the original threat.

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<sup>4</sup> See Declaration from NATO Summit in Riga, which presents failed states in its 2nd article as one of the main contemporary threats, just besides terrorism and WMD proliferation. <http://www.nato.int/docu/pr/2006/p06-150e.htm>

<sup>5</sup> US is the largest world's donor in total figures, although when counted as GDP share they lag behind at the end of the international community's tail, being lead by Sweden and Norway. Nevertheless, last four years saw the sharpest rise in US assistance, including the establishment of a whole range of new ODA agencies.

<sup>6</sup> Tarrow, S. (2005): *The New Transnational Activism*, Cambridge University Press, pp. 80-85. Here the author elaborates the concept of Composite Polity, explaining it on the example of protest in European Union: on a three-level model he illustrates the relation between civil society, national governments and supra-national or international organizations, which due to mutual influence cease to be independent entities, but become one system with three interconnected levels. To better illustrate my cause, another Tarrow's example will be more suitable – the one describing Israel and Palestine as a composite polity, where the mutual influence of a boomerang-effect nature transforms two independent units into one, horizontally intertwined entity.

Key focus of my research will be the efficiency of US ODA to Pakistan, in terms of reducing the terrorist threat.<sup>7</sup> For a comparison I will include EU financial cooperation with Palestinian Territories and strategies of Islamic countries in the countries of their own influence. I will emphasize security dimension of these strategies, omitting a range of attitudes typical for classic ODA studies and theories, such as sector evaluation of the effectiveness of HIV/AIDS programmes or Millennium Development Goals achievements.

### **Key Research Questions:**

- What relations between individual components and actors exercising ODA instruments as strategies against terrorism will be revealed by the employment of open composite polity theory?
- To what extent can the theory of financial resources reallocation in the fight against terrorism be effective? (Case study on US-Afghanistan/Pakistan in comparison with other regions)

### **Resources for the Design:**

- reports and working papers of international organizations – WB, UN, EU
  - o World Bank (2003): *Breaking the Conflict Trap: Civil War and Development Policy*
  - o Collier, Paul – Sambanis, Nicholas (eds., 2005): *Understanding Civil War (Volume 2: Europe, Central Asia, & Other Regions): Evidence and Analysis*
  - o Lily L. Chu (2003): *Pakistan: An Evaluation of the World Bank's Assistance*
  - o United Nations: *South Asia in the World: Problem Solving Perspectives on Security, Sustainable Development, and Good Governance*
  - o United Nations: *Costs of Disarmament: Mortgaging the Future - The South Asian Arms Dynamic*
  - o Sen, Amartya: *Development As Freedom*
  - o Wilkinson, Paul (2005): *International terrorism: the changing threat and the EU's response* (Chaillot papers)

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<sup>7</sup> Pakistan is one of the biggest US ODA recipients after 9/11. The WTC attacks brought the lift of financial isolation from the US, announced after the 1998 Pakistani test of a nuclear device. Alleviating the conditions of some loans and providing more of them, the Bush administration sent more than 1 bn. USD in the first year only. Other prioritized countries were those neighbouring with Afghanistan, which itself applied for huge aid as an after-war reconstruction. Today, Afgan-Pakistani border continues to be undermined by growing power of Taliban fighters.

- Roy, Olivier (2004): *Afghanistan : la difficile reconstruction d'un Etat* (Chaillot Papers)
- Lindstrom, Gustav (ed., 2006): *Enforcing non-proliferation. The European Union and the 2006 BTWC Review Conference* (Chaillot Papers)
- key national strategic documents (USA, UK, France)
- strategies and activities of donor agencies (USAID, British Foreign Office, Comité d'aide au développement, UNDP)
- interviews and analysis of NGO activities

### **Bibliography:**

- P-R Journals:
  - Looney, Robert (2004): *Failed Economic Take-Offs and Terrorism in Pakistan*, Asian Survey, Nov/Dec2004, Vol. 44 Issue 6, p771-793
  - Wolfensohn, James D. (2002): *Fight Terrorism By Ending Poverty*, New Perspectives Quarterly, Spring2002, Vol. 19 Issue 2, p42
  - Callaway, Rhonda L.; Harrelson-Stephens, Julie (2006): *Toward a Theory of Terrorism: Human Security as a Determinant of Terrorism*, Conflict & Terrorism, Dec2006, Vol. 29 Issue 8, p773-796
  - Azam, Jean-Paul; Delacroix, Alexandra (2006): *Aid and the Delegated Fight Against Terrorism*, Review of Development Economics, May 2006, Vol. 10 Issue 2, p330-344
  - Woods, Naigre (2005): *The shifting politics of foreign aid*, International Affairs, Mar2005, Vol. 81 Issue 2, p393-409
  - Kibble, David G. (2006): *Is Democracy a Cure for Terrorism? A Review of Natan Sharansky's The Case for Democracy: The Power of Freedom to Overcome Tyranny and Terror 1.*, Studies in Conflict & Terrorism, Jun2006, Vol. 29 Issue 4, p383-391
  - Alan B. Krueger; Jitka Malečková (2003): *Education, Poverty and Terrorism: Is There a Causal Connection?* The Journal of Economic Perspectives, Vol. 17, No. 4 (Autumn, 2003), pp. 119-144
  - McGlinchey, Eric (2005): *The Making of Militants: The State and Islam in Central Asia*, Comparative Studies of South Asia, Africa, & the Middle East, 2005, Vol. 25 Issue 3, p554-566
  - Radelet, Steven (2003): *Bush and Foreign Aid*, Foreign Affairs, Sep/Oct2003, Vol. 82 Issue 5, p104-117

- Howell, Jude (2006): *The global war on terror, development and civil society*, Journal of International Development. Chichester: Jan 2006. Vol. 18, Iss. 1; p. 121
- Jan Schnellenbach (2006): *Appeasing nihilists? Some economic thoughts on reducing terrorist activity*, Public Choice. Leiden: Dec 2006. Vol. 129, Iss. 3-4; p. 301
- Kumar, Raj (2006): *USAID Revisited*, Georgetown Journal of International Affairs. Washington: Winter 2006. Vol. 7, Iss. 1; p. 51
- Stigler, Andrew L. (2005): *Attacking Terrorism: Elements of a Grand Strategy*, Naval War College Review, Washington, Spring 2005. Vol. 58, Iss. 2; p. 143
- WB analysts **David Dollar, Craig Burnside and Paul Collier**, quantifying the relation between ODA and the recipient country
- think-tanks working on security issues (e.g. **Brookings Institution** together with **CSIS** held a conference in June 2006 named „Transforming Foreign Aid for the 21st Century: New Recommendations from the Brookings-CSIS Task Force“); further International Crisis Group, SIPRI, PRIO, InterAction,...
- a number of university research centres (e.g. **ANU, PICT, Center for International Development at Harvard University**)
- **Books:**
  - Easterly, William (2006): *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, Penguin Press
  - Leal Brainard (ed., 2006): *Security by Other Means: Foreign Assistance, Global Poverty, and American Leadership*, Brookings Institution
  - Maren Michael (1997): *The Road to Hell: the ravaging effects of foreign aid and International charity*, The Free Press
  - Sogge, David (2002): *Give And Take: What's the Matter with Foreign Aid?* Zed Books
  - Crawford, Gordon (2001): *Foreign Aid and Political Reform: A Comparative Analysis of Democracy Assistance and Political Conditionality*, Palgrave, NY
- whole journals focused on ODA issues (**The Economics of Peace and Security Journal; Review of Development Economics, ...** etc.)

## TIME PLAN

<b>Deadline</b>	<b>Research</b>	<b>Admin</b>
30 <sup>th</sup> March 2007	Formulation and specification of research questions	
31 <sup>st</sup> May 2007	<b>Case Study 1:</b> EU aid into Palestine – <i>conference presentation + journal article</i>	
31 <sup>st</sup> August 2007	Finalization of the methodology framework	Australia – Visiting Academic Trip
30 <sup>th</sup> November 2007	Structure of the Thesis – outline, chapters, preliminary word count	
1 <sup>st</sup> February 2008	<b>Literature review 1:</b> Foreign Aid in Conflict – <i>conference presentation + journal article</i>	Macquarie – enrolment
15 <sup>th</sup> July 2008	<b>Literature Review 2:</b> Securitization of Foreign Aid – <i>conference presentation + journal article</i> <b>Case Study 2:</b> UN Aid into Sri Lanka – <i>conference presentation + journal article</i>	Ethics Approval Granted
30 <sup>th</sup> December 2008	Field Research Preparation + interviews in Australia	Field Research Planning Finalized
30 <sup>th</sup> December 2009	Field Research: USA, EU, Pakistan, Palestine, Sri Lanka, Indonesia	
31 <sup>st</sup> March 2010	Data Analysis	
30 <sup>th</sup> June 2010	1 <sup>st</sup> Draft of the Thesis for reviews	
30 <sup>th</sup> September 2010	Abstract; 1 <sup>st</sup> Revision of the Draft for further review	
1 <sup>st</sup> December 2010	Submitting the Thesis	

## Dissertation Outline

Contents	Pages
<b>PART I</b>	
1. Introduction – brief description of the topic, research questions	5
2. Methodology	10
3. Definitions + Background	
a. Official development aid – definition + overview of the use of aid as a policy instrument	15
b. Terrorism – definition + counter-terrorist strategies	15
4. Securitization of aid – current debate	10
5. Review of the existing literature and conclusions <sup>i</sup> + Effectiveness of Aid	30
<b>PART II</b>	
6. The Determinants	
a. Systemic nature of the aid institutions	
b. Policy-making process (incl. threats assessment)	20
7. The Dynamics	20
a. Mutual influence of aid and security strategies + Balance of power	
b. Influence of aid policies on the transformation of threats	20
<b>PART III</b>	15
8. Case Studies	
a. US Aid to Pakistan	
b. EU Aid to Palestine <sup>ii</sup>	
c. UN Aid to Sri Lanka <sup>iii</sup>	20
<b>PART IV</b>	20
9. Conclusions	20
a. Verification of research questions	
b. Attempt for an answer: Does aid work as a counter-terrorism strategy?	5
	15
<b>Pages Total</b>	<b>225</b>

<sup>i</sup> Already presented at a conference as ‘Does Aid Alleviate Violent Tensions?’

<sup>ii</sup> Already published as ‘EU Official Development Aid to the Palestinian Authority and the Rise of Hamas’

<sup>iii</sup> Paper currently under way