

American Infrastructure, Monetary and Health Exchange (AIMHE)



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Introduction

As the international community recovers from a global economic crisis and many nations struggle with natural disasters, the need for international human collaboration has never been higher. Assistance mechanisms became prominent at the end of World War II when the United States implemented the Marshall Plan. Since that time, hundreds of organizations and programs have been created to target the alleviation of malnourishment, the improvement of medical treatment, the provision of financial services, and the development of infrastructure, to name a few types. Most organizations employ a so-called “top down” approach, wherein foreign aid, traditionally financial capital, is provided to other governments and the assistance trickles down through bureaucratic government structures. Despite the best efforts of the U.S. government to monitor the transfer of foreign aid, institutional corruption has stymied the efficient transfer of resources. To circumvent traditional spheres of government corruption, we propose the creation of a federal agency, the American Infrastructure, Monetary and Health Exchange, or AIMHE, a professional exchange program that will specialize in providing human capital to affect healthcare, agricultural, and economic development at a local level in partner countries.

Corruption and Modern Foreign Aid Systems

Defined by the Random House Dictionary as “moral perversion; depravity; perversion of integrity; corrupt or dishonest proceedings; and bribery”, (Random House Dictionary) corruption has become pervasive in many institutions and states worldwide. The main types of corruption, police and political, are usually the most debilitating for a state, although other types within industry and business can have equally far-reaching adverse effects.

The idea of an agency to distribute foreign aid started after World War II, and USAID began in 1961 and has continued to grow and prosper (see [Appendix: *History of USAID*](#)). Today, USAID is active in over 100 countries worldwide. The current state of the international system is causing USAID to change its methods of operation to encompass foreign policy interests. Some of these interests include the advancement of worldwide democracy (USAID History).

Dr. Robert Klitgaard, an advisor to various governments on economic and institutional reform, has spent his career trying to cure systemic corruption. In his experience, the prevalence of corruption can be tied to a simple equation:

$$\text{Corruption} = \text{Monopoly} + \text{Discretion} - \text{Accountability}$$

Klitgaard furthermore listed the following as ways that corruption may manifest itself: extortion, bribery, embezzlement, kickbacks, fraud and nepotism. Unfortunately, all remedial measures have costs associated with them, ranging from economic costs to social costs and political costs. In Klitgaard's opinion, corruption is not a crime of passion, but rather a crime of calculation where the individual or individuals weigh their current situation with their possible future situation against the odds of being caught. However, within a systemically corrupt system suffering from police corruption, being caught simply means transferring a bribe or position 'earned' to the local authorities.

Corruption is pervasive at all levels. For example, between September and November 2011, eighteen employees at the central bank and finance ministry in Angola were arrested, charged with embezzling \$137 million which had been moved out of the central bank to other countries. With the following policy, we aim to improve the lives of citizens by bringing U.S. professionals and volunteers to villages in other countries to create beneficial mentoring relationships. In contrast to traditional, "top down" approaches, AIMHE would help improve hospital care, boost agricultural production, and improve financial literacy locally.

Overview of AIMHE

AIMHE is a federal organization promoting agricultural, healthcare, and economic development in partner countries with the objective of circumventing the sphere of influence of government corruption. AIMHE will specialize in identifying local needs of citizens, businesses, hospitals, and farmers in partner countries. For example, a hospital in another country may contact AIMHE with a request for a surgeon who possesses a unique specialty that is in short supply at home. Likewise, a business owner may request assistance with developing their supply chain to increase the efficiency with which they bring a product to market. AIMHE is focused on providing human capital, bringing professionals in the fields of agriculture, healthcare, and economics. With

the benefit of forming these mentoring relationships, our organization will help instill best practices that will positively affect growth and development at a local level.

Our agency will greatly improve the health of foreign citizens by providing a direct care system where doctors and nurses can travel abroad to take medication and distribute them. Additionally, they would train local workers so they can continue to treat patients in the future. AIMHE hopes to decrease the death rates due to common diseases and raise awareness about treatment and prevention.

AIMHE would greatly impact the agricultural development of its partner countries through systematic projects to improve crop yields and land utilization. AIMHE volunteers and professionals would give local farmers the knowledge to thrive in the modern agricultural sector and compete on a global level.

In terms of economic development, our organization will focus on promoting financial literacy, as well as pilot a small microfinance institution, with the goal of building economic development at the local level.

Within AIMHE, we will have three sectors focusing on health, agriculture, and economics. However, AIMHE will work alongside other USAID agriculture and economics organizations, AIMHE will replace four agencies currently funded by USAID: PEPFAR, PMI, FTF, and NTD. These four agencies focus on giving money for HIV/AIDS, malaria, malnutrition, and neglected tropical diseases, respectively. AIMHE will continue to focus on treating these diseases but in a redefined, hands-on, and effective way by making better use of the allocated funds and human capital for foreign health aid.

The organization would have several full-time employees busy in hiring and placement positions, but the engineers, nurses, doctors, architects, construction workers, educators, farmers, and business people would work for a small amount of money (travel expenses) and would volunteer two weeks to one month of their time. The volunteers may be equipped with technology, equipment, and resources to better assist regional groups. For example, a doctor going to Angola might bring along a personal stethoscope, testing supplies, and sterile immunization equipment. Or an engineer in Haiti would bring necessary tools and supplies to build infrastructure. During that time, the volunteers would be training the local citizens, so they could be self-sustaining and continuing our original initiative. In order for this to be most effective, American volunteers would be team led by a native citizen knowledgeable about the locale, its people and its culture. This

person would be employed by on-the-ground local organizations already in place that AIMHE partners with.

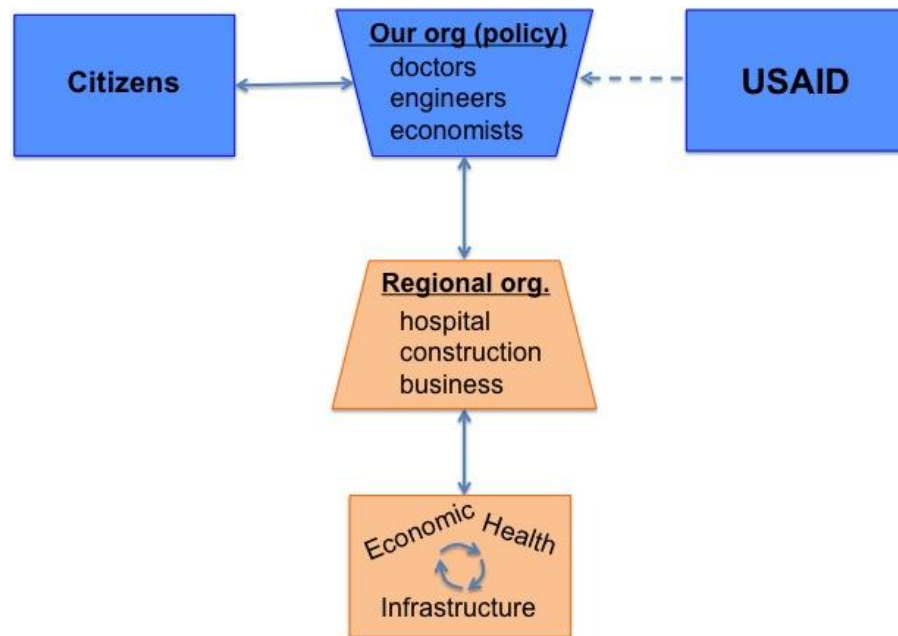


Figure 1: Proposed functional structure of AIMHE.

Our policy would operate as an exchange program that would receive outside funding from the government and private benefactors. AIMHE will ascertain organizations such as hospitals, churches, construction groups, and businesses and send teams to provide assistance. This would operate on a small scale to affect change locally, with the previously stated high goal of circumventing corruption. We will screen applicants and volunteers to ensure that the exchange program members will work hard to reach the goals of the regional organization.

USAID and AIMHE focuses on similar goals, such as investing in people by providing healthcare and health services seeking to promote economic growth and build “civilian capacity.” However, USAID’s two primary goals focus on achieving peace and security as well as promoting democratic institutions. Our group is committed to four key goals:

- I) Human health
- II) Agricultural extension

III) Economic expansion

IV) Building civilian capacity (implementing best practices)

USAID
Achieving Peace and Security Governing Justly and Democratically Investing in People Promoting Economic Growth and Prosperity Strengthening Consular and Management Capabilities

AIMHE
Human Health Economic Growth Infrastructure Avoid Corruption Build Civilian Capacity Raise Awareness among Partners

Figure 2: Comparison between USAID and AIMHE.

AIMHE will receive funds from USAID, private benefactors, and charities to pay for administrative costs, volunteer supplies, and volunteer traveling expenses.

I. Healthcare

To develop how our policy would directly provide health aid internationally, we first investigated how three already existing agencies operated. Then, to understand how our policy could operate better than how aid is currently distributed, we researched how the United States government spends more than \$7 billion of international aid on health care. The United States government's aid is commonly distributed through USAID. Throughout this broad organization, there are many different subsets of where the US's money goes. For example, they give aid to international health, infrastructure, economics, environmental health, agriculture, government, and many more causes.

To put into perspective how much money the government really spends and to see how other organizations spread health aid, we learned about three other organizations already in place. The Peace Corps, a government-run agency, Doctors Without Borders, and the International Red Cross, which are both non-governmental organizations. These agencies are internationally recognized for wonderful projects - which they accomplish with a much smaller budget than the United States government donates in aid annually. If a country requires health aid, AIMHE would be funded by using government money and would send people abroad to do similar tasks as these three agencies, so our foreign aid would be used to help the more people directly around the world instead of being used to write checks that may or may not help the citizens.

The Peace Corps, for example, is a government agency that sends volunteers to partner countries for 27 months missions. These volunteers provide technical assistance in six different program department areas: education, youth and community development, health, business and information and communications technology, agriculture and the environment. The volunteers live in the partner countries to implement their plan- to provide training for men and women in the local communities. Also, the volunteers hope to promote a better understanding of Americans while they serve and learn about their host country and its native people. By directly providing international aid within the countries, the Peace Corps successfully meets these goals. To send people abroad and to buy the supplies for the field, the US government gives them a standing budget of \$375 million. In 2011, the Peace Corps requested \$466 million, but were only granted a \$375 million budget ("Peace Corps: About Us").

Adaptation for AIMHE

Our agency would send people directly over to the countries to help train local workers and to take supplies over there. Americans would spend less time in the country, but they would ensure the US money is being used to buy needed supplies and that the locals are being trained how to administer medicine and treat patients. By sending people, the money and supplies would directly reach the citizens and hospitals there, so the suffering people would have access to our aid immediately. AIMHE would not be interfering with the Peace Corps since the Peace Corps is based on people living and spending a long period of time in a country providing help and aid. Our agency would be an addition to the Peace Corps. The rest of the foreign aid budget for the US is 19 times more money than the Peace Corps' budget. If all of this money was spent in a way that directly benefited needy foreign citizens, much more help could be provided.

Another organization that presently exists is Doctors Without Borders or Médecins Sans Frontières (MSF); however, it is not a government-funded group. The group is funded by private groups to accomplish their mission. Their point is to provide independent/ impartial medical assistance in 60+ countries to citizens whose life is threatened by “violence, neglect, or catastrophe, primarily due to armed conflict, epidemics, malnutrition, and exclusion from health care or natural causes.” With this value, MSF provides care regardless of patients' race, religion or political affiliation. Before the doctors treat patients, the MSF workers do in-country evaluations to determine the people's medical needs before opening clinics, so that their supplies and services are used more effectively to treat people where they need it the most. The medical team sent to these countries consists of doctors, nurses, logistics experts, administrators, epidemiologists, laboratory technicians, mental health professionals, and others who work on the team to accomplish MSF's goals and work by MSF's guiding principles of humanitarian action and medical ethics. MSF started to travel and serve in other countries because they rejected the idea that poor countries deserved third-rate medical services and therefore wanted to give them high-quality patient care. To provide this care, MSF had a budget for field-related expenses of \$106 million in 2010. This included sending people there as well as medical supplies for the country ("MSF: About Us"). The United States government spends 66% more than this amount on foreign aid, so if Doctors Without Borders can spend only this small amount and provide medical assistance to countries around the

world, the government would be able to spend more money and provide more direct care to suffering patients all over the world.

Adaptation for AIMHE

Like the MSF, our agency would communicate with the country to understand the major medical needs so we may correctly choose which types of medical professionals and supplies we would need to send. With a local worker evaluating communities within the country and then reporting back to our agency, the money would be used effectively to buy medications to treat the major problems. Our agency would support the human capital and supplies to save lives in the designated country. Compared to MSF, our agency would focus on initially testing for the diseases and then treating patients, but more importantly training local nurses and doctors on the proper practices for administering medication which will enable them to serve their own community by treating patients and spreading awareness about preventions once the US volunteers depart. Not only would the people receive treatment, but hopefully life-changing habits. This type of direct foreign-aid would be a better use of the US government's money than just writing checks and hoping it is used for the correct purposes once the partner government receives it.

The final organization that provides direct care internationally is the Red Cross. The group's main mission is to "prevent and alleviate human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors." When the organization began, their initial vision and it still remains that they want to be in countries in times of need. Their international work deals with sending volunteers abroad to help people prepare, respond and recover from natural disasters. Also, they work with partners around the world to strengthen and complement the international services and initiatives. It is difficult to pinpoint the amount of money the American Red Cross spends on international services because it depends on the project and the situations. Just for an example, by 2011, the Red Cross allocated \$300 million for recovery for Haiti after the devastating earthquake. Mainly, the Red Cross operates in the United State, but when it does do international projects is it through a partnership organization, like the Red Crescent ("Red Cross."). After talking to Dave Klein, a Red Cross Board Member in Maryland, we understood more about the organization. He explained how the money given to them is very efficiently spent, and nothing is wasted. Also, they rely on people being trained at what to do in the

case of emergency so that they can be sent to location. Another interesting fact is that he has seen other aid going into countries, for example Taiwan, and then the foreign government withholds that money from the suffering people. Overall, Mr. Klein thought that the Red Cross does its job effectively and efficiently with the money that they have for their budget.

Adaptation for AIMHE

Although the Red Cross does not provide direct medical assistance, they do focus on helping people when affected by a disaster, which does fall under the large category of health aid to foreign countries. For our agency, we would be prepared to send over volunteers if a natural disaster struck. Instead of writing checks disaster relief, the US government would send over supplies and people to help get work done. All of the need would be once again communicated through our local worker, who will evaluate the situation.

With our policy, if the foreign entity needed medical assistance as their aid from the US, then we would use our money to send doctors and nurses abroad with the needed supplies. Before we sent people over, we would communicate with the partner country to understand where their medical need was. With this information, we could purchase the correct supplies beforehand and send them with our workers. Doctors and nurses could perform procedures or administer medication from local hospitals, and at the same time train the current employees there how to give proper treatment. Also, the rest of the supplies could be left at the hospital. This would ensure that the doctors and nurses locally would be able to use it to treat patients instead of relying on the foreign government to spend the aid money correctly.

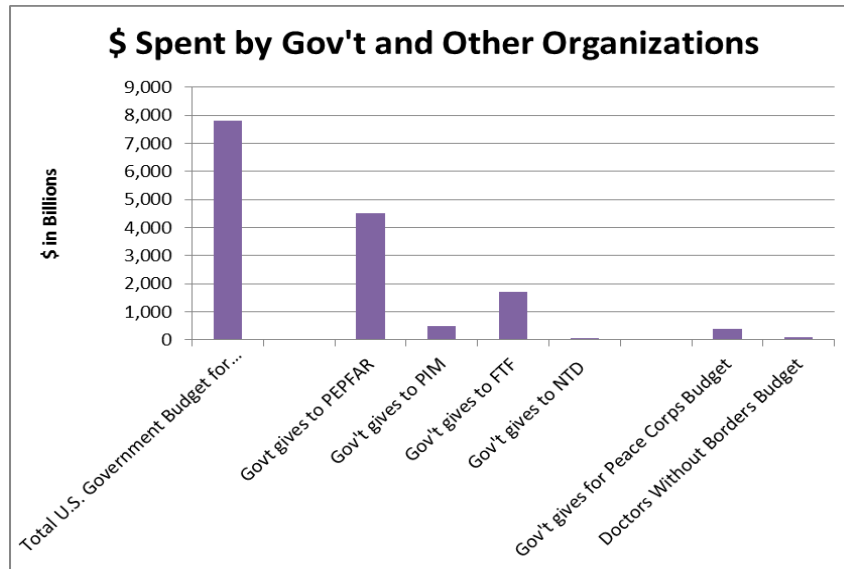


Figure 3: This shows the amount of money the U.S. Government spends on Foreign Health aid and how that money is split up amongst the four main agencies. Also, two non-governmental groups are represented to show the comparison of how little their budget is compared to the governments.

After understanding how other organizations operate and how we would modify their actions for our own policy, we looked into how the government currently spends their aid money. After understanding this, we will evaluate how our policy will be a better solution to the poor allocation of foreign aid (the case studies will demonstrate specific examples of how our policy will be the solution). For their health care aid, the government currently follows the Global Health Initiative, or GHI abbreviated. This plan defines the way we conduct global health activities: we build on “successful bipartisan leadership in global health and expanding their impact for sustainable results around the world.” The initiative focuses on saving lives, so through this the U.S. hopes to promote our own security by reducing instability in developing countries. The GHI hopes to maximize results by collaborating with partner country governments to ensure our investments align with national priorities and the resources are most effectively used. Additionally, GHI focuses on building on existing county-owned platforms to make even stronger systems. By doing this, they work with foreign governments to increase the sustainability of the foreign countries’ health programs. The main point of the GHI is to work with partner governments through U.S. Government agencies in order to spread our foreign aid.

Under the GHI, there are four main government agencies. The largest component of the U.S. President’s Global Health Initiative is PEPFAR, the President’s Emergency Plan for AIDS

Relief. PEPFAR wants to save lives of those suffering around the world from HIV/AIDS. The organization runs based on a shared responsibility between us and partner nations to make smart investments with the allotted money. They strive to save the greatest number of lives by increasing and building on what already exists, and then supporting foreign countries as they improve the health of their own people. Interestingly, the programs that PEPFAR supports must be owned and driven by the host country. This represents an opportunity for the U.S. government to financially support the organizations within the partner countries. Also, PEPFAR helps to research the effects of the epidemic and the results. As a part of their mission, PEPFAR sets forth that they “strengthen partner government capacity to lead the response to this epidemic and other health demands.” Looking at the budget, the US government allocated \$6.5 billion specifically for HIV/AIDS and global funds for PEPFAR in 2010 and 2011 (“About PEPFAR.”).

AIMHE’s Solution

After realizing how the US government spends money through PEPFAR to save lives, we understand that all of that money does not directly support the medication and medical supplies, because foreign governments do not necessarily spend the money correctly. Instead of distributing the money through PEPFAR, this budget would go to AIMHE, so our agency would use this money in our new way to fight HIV/AIDS. Our policy would use a more effective way to spend the money, by ensuring the citizens received the health aid by sending staff directly to the countries. HIV/AIDS treatment used to be too expensive (\$10,000 per patient per year); however, over the years the costs have decreased to \$200 per patient. MSF has capitalized on this by directly delivering the antiretroviral treatment to countries, and by the end of 2010; 6 million patients were on the medication, but more than 10 million people still needed medicine (“U.S. Annual Report 2010.”). Our agency would only help MSF fight the HIV/AIDS battle by providing more medication and more people to travel to countries to give the treatments.

The second agency that is included in GHI is the President’s Malaria Initiative (PMI). It is recently new, and has expanded over the past five years with a budget of \$1.2 billion. The main goal is to reduce the burden of malaria and help relieve the large poverty levels in the African continent. PMI focuses on 15 countries with a high burden on malaria and hope to decrease the malaria-rated by 50%. In order to accomplish that, they cover four effective malaria prevention and

treatment measures to the most vulnerable populations (including pregnant women and young children). This agency is unique and differs slightly from PEPFAR at how it is run. It is an inter-agency initiative started by the USAID and implemented together with the U.S. Centers for Disease Control and Prevention (CDC) or the U.S. Department of Health and Human Services (HHS). PMI is funded by our government, in 2010, they received \$500 million. PMI functions by working closely with host country governments to form partnerships to financially commit to strengthen national malaria control programs and build up the in-country programs ("PMI: President's Malaria Initiative - Saving Lives in Africa.").

AIMHE's Solution

By eliminating PMI and taking on its goals in the health sector of AIMHE, our agency would allocate aid by buying treatments and sending workers abroad to combat the deadly disease: malaria, instead of writing a check to foreign governments. Malaria is the largest killer of children under the age of 5 in Africa. The MSF sends volunteers to Africa to deliver treatments for malaria and to train the local workers how to test for the disease and how to administer the medication. Direct care is successful because MSF treated 72,000 patients for malaria in north Kivu, South Kivu, and Katanga in the Democratic Republic of the Congo. Without their treatment, 72,000 people would have gone without treatment ("U.S. Annual Report 2010"). Our policy would do the same type of work; however, we would be working with a much larger budget and our workers would also teach. This type of direct supply and training helps the local people directly, instead of merely writing a check for the government or to a partner organization. With the education left behind, the country will have citizens with the ability to carry our policy's initial work. Even though MSF also focuses on treating children with malaria, when this disease kills a child every 45 seconds, more aid is never too much.

The third main agency is Feed the Future (FTF), which is the government's initiative to help the global hunger/ malnutrition health issues and the food security. This program was initially developed to help solve the Millennium Development Goal of halving the proportion of people living in extreme poverty and therefore suffering the health effects of extreme hunger. The President has pledged \$3.5 billion in support over three years, so \$1.17 billion a year. This agency is also unique because there are other partnerships that allowed for over \$18.5 million to be raised.

FTF uses the money to support country-owned programs to address the main causes of malnutrition and improve the health of populations. Its initiative is to use money to help foreign countries to grow enough food for their population so eventually that population will grow and help the country overall become more productive. The Government's money is being spent to try to strengthen and support country-run programs in order to increase food supplies to combat the malnutrition health issues in target countries. FTF targets countries specific countries around the world and supports their governments and programs in those foreign countries ("Feed the Future").

AIMHE's Solution

Malnutrition affects many children all over the world, and direct care and supplements provides the nutrients they need to stay alive. Currently, the U.S. gives money through FTF to current governments to spend on developing food and for food treatments for their people. FTF would no longer need to exist, and AIMHE's health section would encompass the goal to fight hunger. Instead of relying on foreign governments to distribute food, our agency would work with the local hospitals to bring the correct treatment. For example, this type of direct care works well for Doctors Without Borders (MSF). MSF purchases and hands out sealed packets of ready-to-use therapeutic food (RUTF) to malnourished children, instead of hospitalizing them, which used to be the previous protocol. In 2002, MSF treated almost 10,000 children in Angola when they experienced their nutritional disaster, and since then they have provided food and care in countless other countries ("U.S. Annual Report 2010"). With this type of approach, our agency would be able to deliver the supplies directly to the people and could also help to train the local workers how to treat malnutrition.

The fourth and final agency set up as a part of the Global Health Initiative is the Neglected Tropical Disease Initiative (NTD). It was one of the first to use existing disease-specific treatment programs to control disease. The group focuses on treating people in countries where seven main diseases are common to outbreak: lymphatic filariasis, onchocerciasis, schistosomiasis, trachoma, and three soil-transmitted helminthiasis (hookworm, roundworm, and whipworm). To target preventing these diseases, NTD provides support to countries to deliver regular, large-scale treatment for at-risk populations. In 2010 the government gave \$65 million and in 2011 \$77 million to spend on treatments. With this amount of money, over 532 million treatments could be

purchased and distributed to people through programs. A key to NTD is that they work through programs already in existence in the foreign countries by giving the money to the foreign countries' governments to give to the programs ("NTD Program").

AIMHE's Solution

We would continue to do work to prevent and treat neglected tropical diseases; however, AIMHE would focus on taking the medication directly to the countries instead of allowing the governments to receive a check. Our direct medication would ensure the citizens would receive treatment from our volunteers. Also, the local workers would be able to understand how to administer the medicine themselves.

Overall, with these four agencies, the US Government gives more than \$7 billion to foreign aid for health care. Most of this money is used to directly write checks to give to programs in foreign countries to use to treat the people. The problem with this idea is the fact that we don't know if our money is being used effectively for the correct purposes. This amount of money has the ability to do so much good in our world and help save so many lives, however, the question is if the money is being used for good or if the governments of foreign nations are using it for the wrong purposes. Our agency would replace these four main agencies and solve the problem, because Americans would directly administer the medicine and supplies and train the local workers. With our plan, the U.S.'s government would be used effectively to save lives.

II. Agriculture

“The world’s agriculture and food system is now outdated and inefficient. Countries, food agencies, and donors aren’t working together in a focused and coordinated way to provide the help small farmers need, when they need it...This future will begin with another revolution in agricultural productivity. Sustainable yield increases will lead to a better living for farm families; they will also make food more accessible and cheaper for the growing number of poor families living in cities.”

~ Bill Gates

Agricultural development is an established means to reduce poverty and hunger. History teaches that agricultural strength and security has been the foundation of every great society. More importantly, “agriculture, forestry, and fishing account for one of every two jobs worldwide and seven of 10 jobs in sub-Saharan Africa, East Asia, and the Pacific”(USAID Agriculture Strategy). USAID supports the global agriculture industry through a six pronged battle-plan to improve the overall agricultural supply chain in the developing world. The U.S. government works throughout the chain, developing advanced and resilient seeds to supporting trade partnerships. USAID currently states their goals as,

“Developing agricultural markets, trade, and finance. Promoting food and nutritional security. Funding collaborative science and technology research efforts. Organizing volunteer technical assistance and extension services. Fostering support for biotechnology related decisions and access. Developing and supporting sound programs for livestock and sustainable agriculture” (USAID).

USAID strives to improve the lives of those around the world by funding development projects that cover a variety of economic sectors, but invests heavily in agriculture and public health. The problem we see with the foreign aid allocation process is the intense political pressure placed into the recipient countries. There is no coincidence that Afghanistan and Pakistan are in the top five in aid contribution in 2011.

The United States has had a long standing relationship with Egyptian authorities to promote peace in an otherwise tumultuous region, the Middle East. The United States has distributed \$29 billion to Egyptian interests and projects since 1975 (USAID). In a recent article from National Public Radio, David Rieff argues that USAID's contributions have done little to build up the country's impoverished but instead have served to bolster a military in an effort to maintain Egyptian-Israeli peace. Egypt ranks one hundred and thirteenth in the UN Human Development Index, just ahead of occupied Palestinian territory (UNDP). USAID strives to primarily promote American foreign interests and help the indigenous population as a supporting justification to build American support abroad. In contrast, the organization we plan to promote would not trifle in military affairs and would instead create solutions to help the poor and impoverished of the world.

The importance of a modern agriculture segment must be established to guarantee sustained growth and stability. Despite the efforts of global organizations, farmers in the developing world lack the tools and information to advance their craft, coupled with elevated disease and poor health standards that reduces productive laborers and hinders the "intergenerational transfer of agricultural skills." Non-governmental organizations (NGOs) help to promote agricultural development in the developing world. One of the largest of these organizations is ACDI/VOCA, the result of a merger of Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance in 1997. ACDI/VOCA has conducted developmental operations in 145 countries, tackling large-scale problems with a holistic viewpoint. ACDI/VOCA was instrumental in the development of the Ethiopian coffee industry.

Ethiopian coffee is known today as a world-class commodity, beginning in 1999, ACDI/VOCA began the *Agricultural Cooperatives in Ethiopia (ACE)* a project created cooperative farmer unions that could act as a collective whole when exporting their specialty coffees, giving them increased bargaining power. Suddenly, Ethiopian experienced an overnight increase in their ability to negotiate coffee prices, fetching specialty coffee rates instead of simple commodity coffee trade prices, resulting in a realized price per pound of \$3.22 versus the market price of \$1.30 (ACE). The project has been an extraordinary success story, creating a new specialty coffee and helping the farmers of Ethiopia in the process. (ACDI/VOCA).

In 2002, President George W. Bush urged Congress to create a government funded, yet independent, foreign aid organization that would increase accountability between the rich and poor countries. The Millennium Challenge Corporation was soon created and opened its doors in 2004

and has distributed over \$8.4 billion since its creation. The Millennium Challenge Corporation is led by a seven member board of directors, headed by the Secretary of State and supported by the Secretary of the Treasury, US Trade Representative, and a USAID representative and supported by 3 independent chairmen. The Millennium Challenge Corporation is different from conventional foreign aid outlets because of their selection process. This organization selects developing countries through an extensive application process in which the board of directors rates the country on 17 policy indicators, ranging from economic freedoms to governmental corruption and public health. After selection, a personalized plan for the country is developed to combat developmental issues including agricultural and water improvements, educational access, and financial development to name a few. Specifically, MCC has supported “148,000 farmers [worldwide]... more than 82,000 hectares of land are under production” (MCC.gov). The Millennium Challenge Corporation lays out a detailed plan for each country with benchmarks to achieve over a given timetable with a calculated rate of return for many projects to estimate its actual effectiveness following its completion. This collective is very effective and seems to be making a real impact in the developing world. While the benefits are clear, this system fails to address the most corrupt countries in the world where the aid is desperately needed.

The organization we plan to create, AIMHE, would work with countries with an established US base in the country to use as a headquarters for the local branch of the organization to diagnose problems. While this solution would not reach all countries on the planet due to security issues, this structure would give AIMHE credibility and a secure location to operate and work with the foreign administration. The key to the organization’s success is the integration of foreign minds and skills. The Millennium Challenge Corporation relies on the guidance of politically motivated board of trustees to make decisions. AIMHE would be independent of the US government and would not be susceptible to political pressure. Each project is a unique opportunity. While it may be possible to pull past successes to new projects, solutions should be *developed* not *chosen*.

Brazilian agriculture is a beacon of hope for struggling African farmers. The *Cerrado* region of Spain was long marked by acidic soil and low nutrient levels. Norman Borlaug, father of the Green Revolution, stated, “nobody thought these soils were ever going to be productive” (Cremaq 2010). *Embrapa*, a government run agriculture research center, began the *Cerrado* transformation in the 1970s by “sending 1,200 young scientists to the best American and European Universities for their master’s degrees and doctorates” (Forero 2010). By the 1980s, *Embrapa* had hundreds of

western trained agricultural engineers and scientists who began to slowly transform a wasteland into an emerging world breadbasket. This farming revolution was aided by intensive scientific research, capital injections, and training. “In less than 30 years, Brazil has turned itself from a food importer into one of the world’s great breadbaskets” (Cremaq 2010). In 10 years, from 1996 to 2006, Brazilian crop values rose 365 percent from 23B reais to 108B reais.

The *Cerrado* region of Brazil resembles the tropical climate of much of Africa but receives a higher yearly rain total, leading many to believe its success could be translated to the African nations. The *Cerrado* region introduced African grasses to improve cattle growth and pasture resiliency. The ultimate goal magic bullet of the *Cerrado*’s success is that of a system approach. The system must be maintained and managed with collaborative efforts to achieve success. Beginning with a transformation of soil from a lifeless acidic base to a productive nutrient rich mixture by adding lime and phosphorous among other nutrients to the soil to the development of plants to suit the environment, *Embrapa* has seen tremendous success in the *Cerrados*.

The success seen in Brazil leads many researchers to believe the strategies could be implemented in African nations. The need for our organization’s systematic approach with the local officials will ensure long-term credibility and transparency. As we saw in Brazil, a culture change is necessary for a long-term solution to be crafted. AIMHE would be able to deliver consistent and unwavering support in a region typically marred with instability and bad government.

III. Economic Development

The economy of any country is inextricably tied to political regimes, especially in countries where corruption is pervasive. The Australian Institute of Criminology published the "Review of Anti-Corruption Strategies" in 2006, and highlighted the deleterious effects that a politically corrupt regime can create for an economy. Corruption was viewed as a system of interlocking cycles that began with nepotism and bribery and resulted in less efficient market allocation of resources. The model for institutionalized corruption predicted lower government revenues, lower salaries for citizens, and more corrupt civil servants (McCusker). If politically corrupt leaders can put a chokehold on markets and economic systems, then through what methods can allocation and efficiency be improved?

Our organization and policy take a small-scale, grassroots approach to bettering the financial situations of people living in corrupt countries. It should be noted that while the goals of our organization are to enhance foreign aid allocation, there is no way for our organization to circumvent absolute corruption. Depending on the severity of corruption, a person who starts a business with the assistance of our volunteers can't guarantee its privacy or integrity long-term. Our organization, likewise, does not possess retaliatory capacity for government infringements on our progress. We believe that through honest work and an optimistic attitude, our organization will help stimulate economic development and break the vicious cycles that corruption reinforces.

Our organization's economic priorities focus on three broad goals:

- 1) Improving financial literacy of business owners, bankers, entrepreneurs, and households.
- 2) Assisting businesses and microfinance institutions (MFI) with liability management, supply chain and information systems, and savings.
- 3) Promoting and encouraging entrepreneurship.

Financial literacy improvement, business development, and entrepreneurship promotion are goals that target empowering people in the international community to make changes that improve their financial situations. For example, in the World Bank's 2009 publication "The Case for Financial Literacy in Developing Countries", the authors cite that clients of the Fundación Génesis

Empresarial MFI who participated in a financial education program improved credit repayments, borrowed more, and had less financial distress (Godfrey). The importance of financial literacy has been recognized as an important goal, particularly by the Organization for Economic Cooperation and Development (OECD), which documented international standards and good practices for financial literacy in 2005 ("Recommendation of Principles and Good Practices for Financial Education and Awareness").

Many people have questioned the effectiveness of MFIs in helping start businesses. Most have the right intention, yet misunderstand the needs of the country's citizens. Some MFIs develop financial products that don't fit the needs of the population or the culture of the people. For example, in the Stanford Social Innovation Review, a magazine that covers news pertaining to environmental, social, and economic issues of importance, Aneel Karnani, an associate professor of strategy at the University of Michigan, cites high interest rate charges as well as a lack of entrepreneurial skill as major reasons why microfinance is dangerous and impotent in affecting change in local financial well-being (Karnani). In April 2011, the Central Bank of Nigeria (CBN), noted a "sub-optimal performance" of over a hundred MFIs in its review of Microfinance Policy Framework for Nigeria. The CBN attributed microfinance failures to incompetence in management and a lack of systems for deposit insurance. In addition to citing poor management and structure as needs for new economic policy, the CBN cited a lack of technology, low capital adequacy, and low levels of financial literacy as major hurdles to successful economic development in Nigeria ("Microfinance Policy Framework for Nigeria").

Despite its status as a savior to people in developing economies being called into question, microfinance has been proven to provide financial services to nations with severe institutional corruption. Microfinance demonstrates potential, but the risks of moral hazard need to be closely watched and programs that help control this hazard will boost the effectiveness of microfinance and foster economic growth.

Our organization stands behind the goal of assisting local businesses through establishing MFIs and private banks with local bankers. These microfinance institutions will be established as small savings and loans groups that will encourage saving with modest lending. Financial products will need to be carefully tailored and monitored to the country of operation if they will be successful.

Similar in design to the MBA corps, an organization that recruits students granted a Master of Business Administration to assist foreign businesses improve operations, we will attract talent that would be willing to volunteer in specific countries to help improve the performance and effectiveness of local businesses. Through both of the above initiatives, our organization hopes to spur entrepreneurship and small business growth that will provide jobs to the public and improve productivity.

Financial literacy, also called financial capability, financial insight, financial culture, and economic literacy, depending on the context, is defined by the OECD as:

"The process by which individuals improve their understanding of financial products and concepts; and through information, instruction and/or objective advice develop the skills and confidence to become more aware of financial risks and opportunities, to make more informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being and protection" (Atkinson).

Our organization will focus on teaching basic financial competencies through having our volunteers visit schools, travel to villages, and speak on local radios. Volunteers will be trained to teach a variety of subjects covered by two prominent programs tested in the United States: 1) the FDIC Money Smart Training Program (targeted to adults older than 12 years old and others with an intermediate degree of finance knowledge) and 2) the Money Math program, which is targeted to children and those in need of basic foundational skills in finance ("Money Math: Lessons for Life"). Components of the Money Smart program which are relevant to the people regardless of nationality include an introduction to banking services, setting financial goals, and an introduction to credit and borrowing; each program would last for about 2 hours and can be held over a week or two week time period ("Money Smart - A Financial Education Program"). These courses meet educational US standards but must be adapted to address the cultural and local needs of a region. This is where partner countries will play a large role in localizing the approach of economic development.

Industrialized nations are testaments to the notion that financial literacy programs do not alleviate financial illiteracy. In a 2009 study of financial literacy in the United States, approximately 1,500 randomly selected U.S. citizens (ages approximately between 25 and 65 years old) were contacted over the telephone to respond to three disparate survey questions, one asking about

compound interest, a second about inflation, and a third about risk. The questions were simple and were designed to assess basic financial competency. Only 30% of the survey respondents were able to answer all questions correctly. Additionally, only 44% of those with college degrees and only 64% of post graduate-educated respondents answered all correctly (Lusardi). The answers to these survey questions are taught in the Money Smart and Money Math programs; however, many Americans lack the time, the willingness, or the necessity of becoming financially literate. These same obstacles exist in countries throughout the world, regardless of level of gross income per capita.

How does an organization try to stimulate enthusiasm in learning about how to save or manage loans better? One example would be using a popular vehicle by which to entice consumers and citizens about financial literacy. For example, published in *The Journal of Consumer Affairs* several UNC professors determined that *Nuestro Barrio*, a Spanish-language telenovela that targeted Latino immigrants living in North Carolina, successfully educated a small population of uneducated immigrants about financial literacy. The program was aired using a popular media network through entertaining Hispanic personalities. Not only were the plot lines fun to follow, the program directly addressed topics that were relevant to immigrants covering topics such as documentation needed to access financial services (Spader).

When trying to improve the financial literacy of a community, it's important to understand the social and cultural norms of the people. For example, in Haiti, while the population is 80% roman catholic and about 16% protestant, voodoo, an old form of African religious practices, is widely practiced regardless of official religious affiliation. Religion in all of its forms is a part of daily life, and promoting financial values (i.e. - smart saving) through religious and spiritual institutions can help reinforce better financial literacy while encouraging involvement in literacy programs ("Haiti").

According to research done by the Grameen Bank, arguably the most famous microfinance institution created in Bangladesh, the best MFIs are the ones that incorporate the lives of bank customers into the business model of the institution. Poor people with a need for financing lead highly precarious lives fraught with continuous change and setback. In “New Frontiers in Micro-Savings”, a Grameen Foundation publication in 2008, many MFIs are identified as providing inadequate savings plans for poor clients. A system of deposit insurance at the local level would alleviate this problem, but unfortunately, due to the high risk and uncertainty of less than

creditworthy customers, central banks are unwilling to provide insurance (Counts). For example, in Haiti, there is an MFI called Fonkoze, which has become successful through encouraging personal savings and providing business loans. Haiti has no organized system of deposit insurance for bank clients, and therefore, as found in the 2010 audited financial statements, Fonkoze, holds 29.5% of its cash deposits in U.S. FDIC insured banks ("Fondasyon Kole Zepòl Fonkoze Audited Financial Statements and Independent Auditors' Report for the Years Ended December 31, 2010 and 2009").

Our organization will partner with locals in Haiti who possess bank management skills to operate a Haitian savings and loan institution (S&L) that will be officially owned by the local managers. The main line of business of the S&L will be receiving checkable deposits with interest rates at the deposit interest rate, approximately 0.74% in Haiti, the last published rate in 2010 ("Deposit Interest Rate (%) in Haiti"). The goal of this S&L will be savings accumulation and peace of mind investment. A Bangladeshi microfinance organization called SafeSave uses a financial product called Product 9, or P9, to build the wealth of the poor. P9's innovative feature enables workers, the unemployed, and even children to borrow at a 0% interest rate, with the requirement that 40 percent of the principal be reinvested in a savings account in the bank's name. To open an account, a depositor must place \$2.44 into an account with a \$1.22 annual renewal fee ("Converter Taka/US Dollar"). If a depositor withdraws funds from the account before accumulating about \$247, he or she is penalized with a fee equal to 5 percent of the account balance ("Product Rules"). This loan product is targeted to poor Bangladeshis with no demonstrated ability of repayment. According to UNdata, in 2009, Haiti had a higher gross national income per capita (\$686) than Bangladesh (\$610) ("Haiti"). However, according to the World Fact Book, Bangladesh has fewer impoverished people (31.5 percent below poverty) and a lower unemployment rate (5 percent) than the country of Haiti, 80 percent and 40.6 percent respectively ("Central America and Caribbean: Haiti" and "South Asia: Bangladesh"). P9 can be a method through which Haitian banks provide more effective lending and saving for local citizens and entrepreneurs.

In order to establish some credibility, our organization recommends that the MFI we help develop in Haiti hold a portion of its cash deposits in U.S. banks, similar to required reserves in the Federal Reserve System. The value of customer deposits will be subject to exchange rate risk between the Haitian Gourde and the dollar, but because Haiti operates on an implicit central bank insurance system, where deposits are not guaranteed by the central bank, prudent capital adequacy

management will be key for operating this MFI to meet deposit outflows and prevent a run on the bank.

One of the goals of financial intermediation, or the existence of banks and secondary financial institutions, is to screen out those who will make poor investment choices. For example, countries with liberal financial systems, borrowers can make risky investment decisions that may be considered undesirable from the lenders point of view and such decisions lessen the likelihood the lender will be repaid. Our Haitian S&L will carefully select managers who possess a minimum of 5 years in bank management, risk management, economic policy, and related backgrounds. This syndicate will be key in promoting local entrepreneurship, business investment, and increases in household wealth.

To encourage accountability, our organization will require annual development reports in addition to audited financial statements according to US Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS). This S&L will be carefully managed to ascertain whether or not this business model can be adapted in other villages in Haiti or in other countries that struggle with poverty.

AIMHE has a third option for volunteers to assist local businesses with building and growing business operations. Volunteers will be recruited for managing credit, improving supply chain and information systems, finding new markets, and enhancing capital budgeting decisions. Our organization contacts established businesses and entrepreneurs who demonstrate a need for business advice in a specific area of business, and we match a volunteer who has appropriate qualifications to the business owner. Our goal is with one to six months of assistance, the volunteer will improve operations or bring an idea to market that would have been unfeasible to sell otherwise.

Inefficient allocation of economic resources, destitute populations, and income inequality are three manifestations of corruption in developing nations. Our organization wants to tap into the wisdom and experience that MBAs, corporate leaders, and industry professionals possess to help people struggling in countries stymied by institutional corruption. Through improving financial literacy, encouraging savings and smart lending (especially through the establishment of a S&L institution), and growing local businesses, we will empower local entrepreneurs, families, and entire communities to change their financial situations.

Microfinance is not new, nor does it promise the elimination of poverty. Yet the brief history of creating and managing MFIs proves that microcredit and lending to the poor can always be done more effectively. The improvement of financial literacy, on the other hand, is merely an idealistic objective if misunderstandings about the local culture exist or if we cannot address a real need for farmers, for the unemployed, for teachers, and for children. In other words, to be effective, AIMHE must specialize in understanding these local needs to maximize the impact of our volunteers. Additionally, through instituting an exchange program wherein business leaders and volunteers from the U.S. travel to another country to advise and guide local businesses, our volunteers will provide perspectives that will benefit local businesses. Our volunteers will serve as experienced and professional mentors that would be otherwise unattainable in the partner country.

IV. Corruption Case Studies

CASE STUDY I: ANGOLA (Southern Africa)

Foreign aid is currently given to the Angolan government to improve the welfare of the people and rehabilitate the economy after 27 years of civil war. The United States government contributes a large portion of foreign aid to Angola every year, however with 68 percent of the total population living in poverty there is evidence to support an argument for the reallocation of the foreign aid. Between 2008, and 2011, \$260.1 million was given to Angola as foreign assistance appropriation and, even with this huge amount of money. 94 percent of the rural households still live in extreme poverty. In 2005, Angola received \$86.1 million from the Global Fund to fight HIV/AIDS, tuberculosis and malaria. Furthermore, in 2009, the Essential Health Services Program was created and only 42,000 individuals received testing, counseling services and test results. Also, just 200,000 of the 18.5 million Angolan people are infected with HIV/AIDS, or 0.2 percent of the adult population; Angola has one of the lowest HIV/AIDS infection rates in Africa. With the very low prevalence, eradicating HIV and taking care of patients should be a relatively easy task. Unfortunately, only 2.5 percent of people living with HIV receive treatment and only 19 percent of pregnant women receive anti-retroviral drugs.

The inefficient use of foreign aid in most developing countries, including Angola, is due to diversion of funds and, most importantly, corruption. Angola struggled through a 27 year civil war 1975-2002. This war caused crises in the nation and affected various sectors of the economy and, as of today, the country still depends on its oil industry for rehabilitation. Researchers have found that higher levels of aid can be easily supplied as institutional weaknesses have promoted conflict in various regions. In other words, although foreign aid should improve the welfare of the people, the misappropriation of aid can create another source of conflict and harm. Corruption is the second and perhaps the most important reason for slow development in most developing and aid receiving nations. Angola depends on petroleum and mining for most of its foreign revenue but the country is still very impoverished because of corruption in various sectors of the economy. In 2006, more than \$900 million could not be accounted for by the government, the total amount being attributed to financial abuse. Between 1997 and 2002, the Human Rights Watch found that the Angolan government could not account for \$4.2 billion, an amount roughly equal to all foreign and domestic social and humanitarian spending over the same period. According to the 2011 Corruption

Perceptions Index (CPI), Transparency International, a non-governmental organization (NGO) founded in 1993 that specializes in exposing corporate and political corruption in developing nations, ranks Angola number 168 out of 183 countries, the fifteenth most corrupt country in the world. The CPI defines corruption as “the misuse of public power for private benefit” and surveys the perceived level of corruption by experts and opinion surveys on a 10-point scale, 0 being highly corrupt and 10 being honest. It draws on a variety of assessments from 10 independent institutions which ask business people and analysts questions about the perception of corruption in a country. These data confirm that the Angolan government is very corrupt and will most likely embezzle most of the money given to them in the form of aid. Also, in the course of getting the money to the citizens, the funds will have to be passed down from the federal government level to the local government level. With systemic corruption in every level of governance, very little of the aid given to Angola will actually reach the citizens that need the help.

We propose that foreign aid should involve the efficient allocation of human capital to build transparency in various partner countries. This way, the money given to Angola can actually be monitored such that it is used effectively. AIMHE will send people from the United States over to Angola for a short amount of time with the monetary aid. Also, these representatives will be professionals in their various disciplines, so they can work in conjunction with the natives to solve problems the community is facing. Sending human capital to Angola will first of all cut out the unnecessary middlemen in the name of the federal, the state and the local government. Since the money now passes through less corrupt hands, a large amount of the money will be used on the impoverished citizens who actually need the help without the risk of embezzlement. Also, the use of human capital reduces the amount of freedom the Angolan government has with the money, so that the millions of dollars sent every year are not diverted to fund different projects. The effect of this is that the money given to Angola will actually serve the purpose for which it was intended and substantial changes can then be seen in the way of life of the citizens. Then, by having the locals work with professionals in Angola, the professionals are able to impart knowledge into the locals that further empowers the average Angolan citizens. The effect this has is that the people who live in the community can better sustain themselves and their family even when the professionals are ready to leave. Also, this provides a method of empowering the people of Angola into having a self-sustainable economy, which will, in the long run, reduce the amount of money given to Angola by the United States in the form of aid every year.

This proposed solution could be evaluated based on the effect it will have on three major sectors for which aid is currently given which are the agricultural, financial and health sectors. Currently, aid given to Angola for agricultural purposes is used to purchase equipment, but unfortunately many local farmers do not have the basic skills to fully utilize the machinery. AIMHE will send farmers from the United States who will help in growing the crops, teach more efficient and more modern methods of farming, and assist the local farmers in the operation of their farm machineries. This presents better use of the aid compared to the current method because it leads to a more efficient and more sustainable method of farming, so that on the long run, the people are able to provide food for themselves and even export some of their farm produce. Also, giving aid to the health sector usually involves giving the money to the government for the treatment of the sick citizens. The money can however be sent through some nurses who work in conjunction with local hospitals to administer medicine to the people. In this course of working with these local hospitals, the nurses in Angola have the opportunity to learn about how to properly care for people and administer drugs. This is important because when the representative nurses leaves the community; the local nurses are more experienced and can better treat diseases and administer drugs to the people. Now, the financial sector receives aid by giving money to the government with the hope that it improves the overall economy and standard of living of the people. Our proposed solution will distribute the money through microfinance, which will involve giving money to the citizens in the form of small loans and grants. With this, the people can start up local businesses with which they can provide for themselves and every other person that relies on them.

This solution gets past the problem of corruption and inefficiency of the Angolan government and also cuts down on the amount of money the United States has to part with from year to year. Additionally, it helps Angola build a self-sustainable economy that works without having to rely on aid forever.

CASE STUDY 2: HAITI (Caribbean)

Haiti, a small, half-island nation of less than 10 million inhabitants bordering the Dominican Republic and surrounded by Cuba, Jamaica, and Puerto Rico, has enjoyed a long and unique history. Hailed as the first black-led nation in the world, the country first had to survive French colonialism and the slave trade as well as many ruinous natural disasters. Currently, the nation is trying to recuperate from a violent coup d'état in 2004 and a devastating earthquake in 2010 that triggered the world to rally around the small country.

Although rich in history and culture, Haiti ranks as one of the most destitute and corrupt countries on the planet. Transparency ranked Haiti as number 175 out of 183 countries on its Corruption Perceptions Index (CPI) in December 2011. Haiti tied with Iraq at a score of 1.8, where the lowest scoring state, North Korea, was judged to be only slightly more corrupt with 1.0 point ("Corruption Perceptions Index, 2011"). Although the country had improved with regards to its CPI result since President René Préval's election in 2008, when its failing institutions earned it a 1.4 ("Corruption Perceptions Index, 2008"), Haiti's situation had been gradually improving up until 2010, earning the nation 2.2 points overall ("Corruption Perceptions Index, 2010"). The extremely slow rebuilding process in the wake of the 2010 earthquake caused the country to slip down the scale yet again.

Nicknamed "The Republic of NGOs," Haiti has more NGOs stationed in its territory than any other nation in the world ("Haiti: A Shattered Nation"). Most of the foreign aid Haiti receives is funneled through these institutions, ranging from healthcare to basic education. The US Congressional Budget for the 2013 fiscal year puts aside a \$1.178 million increase simply for operating costs for the Office of the Haiti Special Coordinator. In total, the United States government has committed over \$3.1 billion towards post-earthquake relief and reconstruction efforts in Haiti. As of September 30th, 2011, \$2.2 billion had already been dispensed ("Funding in Haiti"). This money is subdivided into the following categories: the above mentioned \$1.178 million; \$679, 000 to support diplomatic communication between the USA and Haiti; \$480 000 for security protection (an increase of \$55,000 from the 2012 fiscal year); as well as \$307, 000 for the Office of the Medical Director (an increase of \$3,000 from the previous year); \$11.7 million for the Haitian branch of the Bureau of Western Hemisphere Affairs (an increase of \$191 000); \$1.2 million for the Domestic Organization Unit, which has never received a Congressional budget

before; and more. Additionally, the UN Stabilization Mission in Haiti (MINUSTAH) requested \$216,245 (a decrease of \$5,448 from 2012) and the UN allocated \$10.3 million in December 2011 to help eradicate cholera on the island (“Congressional Budget Justification, FY 2013”).

Unfortunately, a lot of this aid has gotten lost along the way. A combined \$11 billion was pledged by the public and the government in 2010, but a lot of food packages and medicinal supplies have ‘disappeared’ along the way. Most stolen items tend to end up in the black market for profit, or are given to officials or to people with connections. *La Fondation Heritage Pour Haiti*, Transparency’s Haitian anti-corruption branch, has recently created a hotline for people to report instances of corruption such as stealing aid for private use and/or profit. (“Two Years After the Earthquake, Corruption Dogs Reconstruction Efforts”). However, most Haitians feel victimized by the systemic corruption that has pervaded decades worth of politics that many simply turn completely independent by building their own houses and trying to support their lives self-sufficiently, for one example. Healthcare is furthermore one of the least transparent sectors in Haiti nowadays, with women being forced to give birth in alleyways behind hospitals because they are unable to pay for a caesarean section. Although \$258 million is earmarked for healthcare, hundreds of women have given birth without any type of assistance or medication. Infant mortality rates in Haiti were previously among the highest in the world, with 52.44 dead for every 1,000 live births (“Central America and Caribbean: Haiti”).

AIMHE will greatly benefit the population of Haiti. By sending in knowledgeable professionals, Haiti will receive the help it needs to gradually rebuild its society. Placing these professionals under the direction of a local community leader who is, of course, fully versed in the local culture and the true needs of the region, will maximize the human help Americans are able and willing to give. As the proverb goes, “give a man a fish and he will eat for a day. Teach a man to fish and he will eat for a lifetime.” Engineers will be able to teach Haitians to revamp their country’s infrastructure, while agricultural workers can teach optimal farming techniques as doctors and nurses simultaneously help to solve the maternal and infant mortality rate problems, treat cholera, and modernize Haiti’s health care system. As the above mentioned proverb suggests, sending in human capital for short periods of time is infinitely more desirable than throwing wads of cash at a country that, at this time, has no system in place to spend the money wisely and is so plagued by immediately pressing issues that it is unable to plan for the long-term. AIMHE provides

a solution for Haiti, as it completely evades the problem of disappearing money and assistance packages. Instead, AIMHE transfers knowledge and skill.

Performance Evaluation

In order for AIMHE to be effective, the organization must set standards and measurements that will identify areas of improvement. Through quantitative measurement of performance, AIMHE can improve its ability to help citizens living in corrupt countries. When volunteers enter a region, AIMHE will observe incidences of death, crop production, and literacy improvement as a part of AIMHE's due diligence to understand the needs of citizens in other countries. This due diligence would be specific to the organization receiving AIMHE support. For example, volunteers would examine malnutrition in supported locations before and after administering assistance. Every year, AIMHE would compile the data together in an annual AIMHE Allocations Summary Report.

To see, for example, if our health foreign aid improved the lives and health of citizens in foreign countries, we could initially record the deaths per year due to a specific disease (ex: malaria). Also, we would know the amount of U.S. money spent on the malaria medication in the past. As AIMHE is implemented, we would record the number of malaria medications bought by the United States and then transported to the foreign country. We would also know the number of medications that our employees distributed and how many were delivered to each location. At the end of the year, our agency would be able to see the total amount of money we spent on malaria treatments for each country and then would be able to study the amount of deaths a year due to malaria in the country. Over years of AIMHE working, we could see if the death rate due to malaria lowers. This same process would also work to measure effects due to the other types of medications purchased and distributed by AIMHE.

AIMHE would greatly improve the agricultural development of the developing world. Systematic changes are key to agricultural success. The success stories outlined above clearly link the success seen in Brazil and Ethiopia to large-scale, systematic evolutions. The AIMHE would provide crucial resources, human and paper capital, to give local authorities to implement specially designed strategies for the betterment of the local societies.

The development of a strong agriculture sector is crucial to a developing economy. Measuring the success of projects could be determined from a variety of metrics including land utilization rates, crop productivity, labor statistics, and export/import numbers. Due to the size and nature of the projects to be implemented, statistical analysis would vary based on the nature of the project. Crop yield is an important metric to measure pure crop production and the amount of the

commodity grown per hectare/acre of land. Technological accessibility and skill will also be a critical statistic to measure throughout the development process because technology utilization is crucial to take consistent strides forward.

To evaluate the effectiveness of our financial literacy programs, AIMHE will implement a feedback survey to schools, churches, and other local groups who have participated in the adapted versions of the Money Smart and Money Math financial literacy programs. Each survey will collect data on demographic questions such as age, sex, marital status, family size, income, and education level. It will then collect a financial profile of respondents, asking for types of financial services used such as checking accounts, commercial bank borrowing, money-lender borrowing, and lending. Then, it will pose a series of statements to which respondents can 'strongly agree', 'agree', 'disagree', or be 'not sure'. For example:

From participating in the program, I:

Am more financially knowledgeable

Can manage my finances better

Can use what I learned on my own

These questions are based on a thorough evaluation of the FDIC Money Smart literacy program published in 2003. The study used a sample size of over 200 respondents to evaluate the change in behaviors of program participants (Lyons and Scherpf).

As previously mentioned, the Haitian microfinance institution will report its financials according to US Generally Accepted Accounting Principles (GAAP) as well as International Financial Reporting Standards (IFRS). Key indicators such as capital to asset ratio (to ensure that the bank can meet sudden deposit outflows), net interest margin (to ensure that interest revenue is greater than interest expense on deposits), and cash flow (amount of money entering the bank) indicate the level of solvency and overall financial health of the institution. However, to promote even greater transparency, AIMHE will work with auditors to produce simplified, unofficial financial statements that can be shown to depositors or those enrolled in financial literacy programs.

Explaining to depositors what a basic financial statement indicates can promote greater transparency for those who have some exposure to the financial literacy programs.

Conclusion

Our organization will build civilian capacity at a local level to avoid the traditional spheres of corruption that pervade countries like Angola and Haiti. We believe that in focusing on building mentoring relationships, AIMHE will provide a way for countries to improve healthcare, agricultural systems, and grow local businesses.

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Appendix:

History of USAID

Following the destruction of Europe during World War II, the U.S. worked to outpace the spread of communism throughout Western Europe with the European Recovery Program. The European Recovery Program was created by Secretary of State George Marshall and affectionately re-labeled the Marshall Plan. The Plan's goal was to send monetary support to Europe to help rebuild its economies by removing trade barriers and modernizing industries. Enjoying bipartisan support, the Marshall Plan lasted four years, beginning in April 1948, and laid the groundwork for today's intricate international aid systems.

Expanding upon the accomplishments of the Marshall Plan, President Harry S. Truman introduced his Point Four Program during his 1949 inaugural address. With this speech, Truman introduced the framework for international assistance programs in developing countries. President John F. Kennedy convinced Congress to pass the Foreign Assistance Act on September 4th, 1961, which mandated the creation of an organization that would oversee and carry out long-term aid programs for social and economic development abroad. Thus, the United States Agency for International Development, or USAID, was born.

Originally, USAID focused on development and the decade after the creation of the agency was dubbed the "decade of development" as the years were marked by incredible growth in international foreign aid and development. However, the international community soon pushed foreign policy focuses towards basic human needs. International assistance programs increased stress placed on "food and nutrition; population planning; and health, education and human resources development".

USAID has been developing its aid programs since the 1970s. During the 1980s, USAID began to refocus efforts to stabilization and infrastructure, with added stress on free market development. Immediately following the fall of the Iron Curtain in the late 1980s and early 1990s, USAID shifted their focus to "sustainable development." giving more importance to helping countries solve their own problems instead of the U.S. trying to do this for them. The latest decade, the 2000s, has witnessed further evolution in the business of foreign aid programs, including USAID. Influenced by the wars with Afghanistan and Iraq, the agency again returned its focus to stabilization, rebuilding infrastructure and government, as well as helping civilians with basic needs. At this point, USAID started to branch out to private firms in an attempt to increase foreign assistance.