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Reforming Foreign Military Financing

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EXECUTIVE SUMMARY

Utilizing foreign military financing (FMF) has been a key tool in the U.S. foreign policy toolkit. From 2010 - 2020 over \$48B has been spent on U.S. foreign military aid in the Middle East. Investments continue to flow into the region, even as U.S. influence has dwindled following the conclusion of the wars in Iraq and Afghanistan.

Since 1979, Egypt has received nearly \$51B in military aid from the U.S. However, this aid has not had a positive impact on democratic norms within Egypt, nor have investments aided regional stability. Military investments have been used as autocratic tools to subdue opposition within Egypt and elsewhere in the Middle East. In addition, FMF has accelerated conflict like in the case of Georgia and Russia. To avoid foreign entanglements, the U.S. must reevaluate FMF. FMF is looked upon as a bi-partisan success story, but it does not have adequate program administration, congressional oversight, or adequate goal setting. FMF must evolve and adopt new features to protect American interests.

FMF should change from primarily a grants program to a loan program. An evolution of FMF will allow the U.S. to offer greater flexibility with finance agreements, while ensuring American taxpayers receive an adequate return on their investment. Shifting priorities will require the Biden Administration and Congress to re-examine FMF and phase-out the FMF grant program. Additionally, FMF loans must have transparency and metrics to ensure proper oversight.

FMF As It Stands

As the War in Afghanistan ends and U.S. foreign policy has the unique opportunity for a reset, the United States has created a unique opportunity to re-evaluate several programs within the State Department. Since the 1970s, FMF has been deemed as a useful tool within the U.S. foreign policy toolkit. Over the past few decades, billions of dollars have been placed into FMF for the purpose of projecting U.S. interests around the world.¹² FMF is touted as a bi-partisan success story. Both political parties use FMF to strengthen alliances, increase defense equipment sales and pay for foreign police and military training. The Arms Export Control Act (AECA) gives the President authority to authorize the sale of defense materials to foreign countries and entities.³ Additionally The AECA also designates the State Department to have gatekeeping responsibility in deciding which countries will participate in financing programs, while the Department of Defense (DOD) is responsible for carrying out the program,⁴ and Congress has control of how FMF funds are spent.⁵ A good way to think about this is that the President asks for military equipment to be sold, the State Department keeps the list of approved buyers, while Congress is the deliberative body that funds the sales of defense equipment to foreign governments. Congress appropriates funds via grants and loans, from 2012- 2017 over \$34B in funding was granted to U.S. partners around the world.⁶ FMF in its current format is viewed as a win-win situation by many U.S. politicians. Politicians with constituents who work within the defense industry will undoubtedly feel pressure to keep reforms out of FMF. Reforms usually come with the conjured fear of less money flowing into their respective districts. It's easier to do what one is used to doing, rather than change and confront an unknown reality. Outside of congressional authority, the State Department has additional FMF duties.

The Office of Security Assistance within the State Department's Bureau of Political-Military Affairs is responsible for providing grant assistance to foreign allies via grant and loan programs. FMF programs can be used for defense services, which includes training, services, and purchasing defense equipment from American defense suppliers. The State Department views this as essential as it "furthers U.S. interests around the world."⁷ Coalition partnerships

are important relationships which are fostered around like-minded security goals. However, funding regional partners has not helped further American interests, and it has created an environment of large payments with minimal oversight and accountability. Coalitions are important and FMF should foster a relationship with allies that is built on democratic norms, fiscal responsibility, and mutual trust.⁸ FMF in its current format fails in all three categories and needs immediate reform.

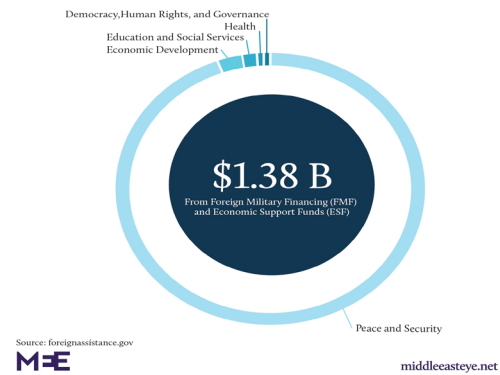
Buying Friends and Influencing Nations

From 2010-2020 the U.S. has spent over \$48B on foreign military aid in the Middle East.⁹ This large investment would seem to have paid off, given how the U.S. Congress approves foreign assistance year after year, however security assistance hasn't proven fruitful for American interests. FMF provides billions for defense spending, but it lacks metrics for tracking progress; billions of dollars have been spent through FMF without built-in levers for accountability. However, questioning aid is often met with pushback. Allies in the Middle East have not changed their behavior in response to pressure from Washington. Saudi Arabia and the UAE maintain their grip on Yemen, while Egypt and Jordan maintain their grip on their domestic populations.¹⁰ If American influence were paying dividends in the region, partners would respond favorably to U.S. pressure, however evidence of pressure being applied and working in the Middle East is nonexistent as money flows, regardless of the internal conditions of an allied country. The U.S. must pursue policy that is in its interests and supporting an ill-suited relationship within an autocratic country is not in the interest of the United States.

In Egypt, Egyptian officials have at times blocked military personnel from interacting with U.S. personnel, making it difficult, if not impossible, to conduct diplomatic and security engagements.¹¹ The investments made in Egypt may be a strategy to keep greater engagement in the Middle East, to ensure Israel's safety in the region, but it's important to understand if this strategy is helpful to this end in the region. Egypt through FMF received over 1,000 M1A1 Abrams tanks and these tanks are currently decaying, unused on military bases, at a cost of \$4B.¹² Some

have argued that investments in Egypt are necessary to protect Israel. This argument lacks substance. Israel already receives billions of dollars in funding and relations with Egypt are strained but enduring.¹³ Also, Israel has proven it can defend itself against outside forces.¹⁴ The over-reliance on FMF has caused American taxpayers to foot the bill for Egypt's defense systems, while paying off U.S. defense contractors and ignoring the need for reliable metrics to judge the overall effectiveness of spending. This strategy does not further U.S. interests in the region, especially upon examining its FMF partnership with Egypt.

afford, and the funding continues to flow without any signs of stopping.



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The majority of the U.S. Department of State's security assistance goes to Israel and Egypt

Top 10 recipients of the State Department's security assistance, fiscal years 2009 through 2019

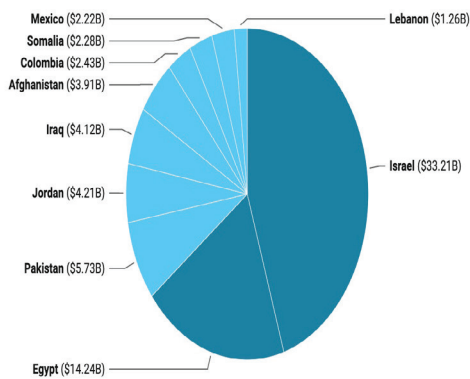


Chart: Center for American Progress
Source: Authors' calculations based on Security Assistance Monitor (SAM) available at <http://securityassistance.org/data/landing-page/list>

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Military Assistance to Egypt

Since 1979, Egypt has received nearly \$51B in military aid. That's nearly \$3.56 million per day.¹⁶ Egypt receives more funding than all other non-Middle East FMF allies combined.¹⁷

Moreover, Egypt has routinely refused to abide by human rights agreements that were agreed upon in conjunction with the United States.¹⁸ Some scholars have argued that U.S. military aid to Egypt is a requirement that was created from the 1978 Camp David Accords and the 1979 Egypt-Israel Treaty of Peace, but this isn't the case.¹⁹ Furthermore, in 1990, the Bush Administration forgave all of Egypt's military debt, debt that was to be paid back by Egypt for defense equipment purchases that were made prior to 1985.²⁰ Egypt and other countries accept defense support they can

Egypt is more than capable of paying for military equipment. From 2012-2015 they spent \$34B to buy defense equipment from Russia, France, and Italy.²² Egypt's pivot away from U.S. defense equipment has been labeled a national security issue by policy analysts.²³ This assertion is overblown, because giving Egypt weapons at free or reduced cost hasn't stopped them from purchasing weapons from other nation-states²⁴. Furthermore, FMF has not improved relations between the U.S. and Egypt nor created greater democratic norms within Egypt.²⁵

In 2020, the U.S. State Department reported Egypt's refusal to allow U.S. conflict monitors to enter North Sinai to investigate potential crimes against humanity.²⁶ Any strategic importance that U.S. policymakers have touted concerning Egypt, has become non-existent, as Egypt is not a reliable ally for U.S. interests in the region.²⁷ Coalitions are important, especially with like-minded security partners. However, the U.S. should invest in regional allies only if there is a goal in mind and alliances are tracked to ensure metrics are attained.²⁸ Accountability is key to ensure U.S. interests are centered on stability, and not about giving free weapons to create regional pockets of influence.

Influencing Georgian Security

Georgia is viewed as a key member of U.S. global defense strategy.²⁹ Nestled right to the south of Russia, Georgia has continued to have a complicated and volatile relationship with Russia following the fall of the Soviet Union in 1991.³⁰ In the late 1990s, the U.S. began a deliberate effort under the Clinton Administration to increase aid to Georgia to fight "transnation-

al crime and improve border and maritime security.”³¹ Military aid from the Clinton Administration also helped Georgia create the Georgian Coast Guard.³² From FY1992-FY2000 the U.S. gave about \$96M per year, on average, to Georgia in foreign and military aid packages. In fact, Georgia was a leading recipient of U.S. foreign aid during the Clinton Administration.³³ After 9/11 the George W. Bush Administration increased investments within Georgia to create a staging area for operations to help support the Global War on Terrorism (GWOT).³⁴ Foreign aid investments increased to \$135M per year, on average, in support of the Bush Administration’s security ambitions. U.S. foreign aid funding levels have remained consistent with the levels established by the Bush Administration, with some caveats. Funding took an astronomical jump after Russia invaded Georgia in 2008. The Bush Administration announced an aid package of \$1.04B for FY2008-FY2009.³⁵ There was a slight dip during the Obama Administration (\$77M in aid, on average). Since FY2011, Georgia has received, on average, \$64M per year in military aid.³⁶ During the Obama administration, FMF funds were built into aid packages for Georgian use.³⁷

However, the strengthening of ties with the West via FMF and NATO remains a point of contention for Georgia, Russia, and the United States.³⁸ Assurances and statements are important components of diplomacy, and the United States has provided such assurances and additional military aid to Georgia.³⁹ Yet, given Georgia’s geography, U.S. aid via FMF continues to be a weak investment considering what would be needed to repel a full-scale Russian invasion. Diplomatic efforts should be the preferred avenue to ensure a pathway for the normalization of Georgia and Russia relations⁴⁰. If Georgia requires defense equipment that should be a well thought out discussion that includes long-term goals and a clear understanding that the U.S. will not be involved in any military actions within Georgia, as smaller countries have a propensity to behave boldly when they believe the United States will come to their rescue.⁴¹ Georgia’s government joined the American-led Iraqi coalition with hopes of receiving more U.S. help in defending their borders against Russia.⁴² In 2007, Georgians contributed the third largest troop presence in Iraq⁴³, but given what is known, it doesn’t make sense for the U.S. to continue FMF grants as a means to stoke Russia’s fears at the border. Diplomatic efforts are the better strategy.

Consider this excerpt from an article about the U.S. and Russia’s reactions in the buildup to the August War in 2008:

“Vice President Dick Cheney and his aides and allies, who saw Georgia as a role model for their democracy promotion campaign, pushed to sell Georgia more arms, including Stinger anti-aircraft missiles, so that it could defend itself against possible Russian aggression. On the other side, Secretary of State Condoleezza Rice, National Security Adviser Stephen J. Hadley, and William J. Burns, the new undersecretary of state for political affairs, argued that such a sale would provoke Russia, which would see it as arrogant meddling in its turf, the officials and diplomats said. They describe three leaders on a collision course. Mr. Bush, rewarding Georgia for its robust troop contribution to Iraq at 2,000, the third highest, behind the United States and Britain promised NATO membership and its accompanying umbrella of American military support. Mr. Putin, angry at what he saw as American infringement right in his backyard, decided that Georgia was the line in the sand that the West would not be allowed to cross. And Mr. Saakashvili, unabashedly pro-American, was determined to show, once and for all, that Georgia was no longer a vassal of Russia.”⁴⁴

This is a topic policymakers should think long and hard about. Antagonizing competitors has the potential of drawing the United States into foreign entanglements. After decades of war, policymakers should consider if FMF in its current form serves the interests of the American people. Reforms are difficult and they are likely to cause a dust-up in Washington, but FMF is a program that is deserving of a second look.

An Attempt at FMF Reform

In 2020, the Trump administration sought to convert FMF from a mixture of grants and loans to strictly a loan program with minor caveats, Egypt, and Israel.⁴⁵ Under this proposal, Egypt and Israel would continue to receive FMF grants, while the other FMF partners would receive a blend of grants and loans, or nothing at all. This was met with bi-partisan pushback from Sen. Lindsey Graham, (R-SC) and Sen. Ben Cardin, (D-MD), who came out as strong opponents against this change.⁴⁶ They both argued changes to the program would threaten national security, as partners would seek to purchase weapons elsewhere, such as

Russia or China as Sen. Graham suggested.⁴⁷ Sen. Cardin further suggested that FMF grants can give the United States greater diplomatic strength in negotiations.⁴⁸ Sen. Cardin also stated that the diplomatic toolbox would be emptied and lamented the possibility of job losses to his constituents.⁴⁹

The concerns raised by Sen. Graham and Sen. Cardin are understandable. Yet, even with buying agreements, regional partners are already buying weapons from Russia and China.⁵⁰ Additionally, it's important to remember a key element in the FMF standoff is the tug of war between the Executive Branch and the Legislative Branch. At the end of the day, when it comes to defense spending, the Legislative Branch has the power of the purse.

The Executive Branch can propose a budget, but this is simply a suggestion, as it's ultimately up to Congress to decide what is funded and what goes ignored. In this case, the Trump Administration was overruled by Congress and FMF funding continued without any major interruptions or changes.⁵² However, there is precedent in making changes to FMF funding that can be found within the Obama Administration.⁵³ The Obama Administration in FY2016 issued a 2.7B FMF loan to Iraq to assist Iraq in supporting U.S. made defense equipment.⁵⁴ Prior to 2016, funding had been issued via a grant program (2012) and through Iraq purchasing U.S. manufactured defense systems using their own funds (2005).⁵⁵ Attempts at reform are unpopular in Washington for another reason, perceived losses to the defense industry.

Currently, FMF functions as a guaranteed funding source for defense contractors. They receive a guaranteed payment from the U.S. government for providing security assistance. The fear is loans will decrease sales. But this fear suggests domestic production for the U.S. military would decrease and allies wouldn't still seek U.S. equipment, if FMF becomes mostly a loan program. It is highly unlikely that U.S. partners will swap out a relationship with the U.S. for stronger bonds with China and Russia. This is especially true given forged economic relationships and political alliances, outside of defense agreements. Given this information, policymakers must ask if FMF is truly the best use of taxpayer money, given the overstated impact to U.S. national security.⁵⁶

Doing what has always been done is comfortable but if it's not in the interests of the United States, changes must be made. FMF currently allows grants or loans to be used for financing methods. The Obama Administration realized this, and the Trump Administration attempted to take it a step further. FMF reform under the Trump Administration was light on details and sent a shockwave through Washington.⁵⁷ If reforms are sought, it's important to add details to ensure clarity is given to policymakers. Reforms need to be easily understood, especially to garner buy-in from policymakers who are concerned about how constituents may be harmed. Reforms are scary and reforms are often difficult to come by in our current political climate. However, reforms are essential to ensure U.S. interests are pursued and achieved. For reforms to be made within FMF, the State Department must first adjust its approach to planning and strategy.

Muddled Plans at the State Department

Planning happens within the State Department, but policy ideas must go through a gauntlet to reach their destination; implementation.⁵⁸ The policy planning within the State Department has talented thinkers with a wide variety of skills, including speechwriters, public policy wonks and capable staff with experience.⁵⁹

The issue with the State Department is not the lack of imagination but the lack of implementation. The State Department lacks the institutional strength needed to get their ideas over the fence. On the other side of the fence, in this scenario, is Congress. While the DOD has fostered relationships with members of Congress, the State Department has yet to foster strong relationships which allows it to become a political football subjecting it to staffing cuts and underfunding⁶⁰. The lack of relationship building by the State Department can lead to great policy going unnoticed, because politicians are unaware of the solution. A phenomenon that helps the State Department dole out its policy ideas is when an urgent issue arises, like in the case of 9/11, politicians openly seek advice from policy experts inside of State, this is referred to as a "policy window" by John Kingdon.⁶¹ When policy windows are opened policy streams flow in and out of an organization, and the State Department is not an exception to this rule. On the opposite end of the spectrum, this means when the policy window closes, it's hard to open it back up again, sans an emergency. The

nature of the State Department's shifting priorities that change with new administration objectives isn't going to change anytime soon, this is the nature of politics and elections. Michael Cohen, James March and Johan Olsen came up with an innovative idea to describe this issue within foreign policy, which they named the "garbage can model."⁶²

The State Department, and other departments, in Washington suffer from competing theories, "trial-and-error decision making" and priorities which quickly evolve.⁶³ To think of this another way, elections occur within the United States every four years. With a new executive branch, new foreign policy priorities naturally arise, throwing plans out of the window and into the wind. While there may be some continuity between administrations, in recent years there have been competing foreign policy priorities which have led the State Department to become a reactionary department, instead of a well-oiled strategy churning machine.⁶⁴ Even more alarming, when quality data is presented, politician's "past-experiences" take priority over well-crafted policy planning.⁶⁵ Given this current reality within the State Department it is not shocking that FMF has continued to remain the same program over several decades. While democratic norms haven't been enhanced within partnering countries, and U.S. interests have yet to be defined, leaders in Washington are convinced about doing the same thing over⁶⁶ and over again.⁶⁷ Foreign policy often becomes the little brother when compared to domestic policy. Domestic policy often receives more attention from policymakers and the public, while foreign policy is largely left up to the Executive Branch. As mentioned before, Congress controls the purse strings of the government and they have the power to defund priorities, but they cannot control international actions like diplomatic interactions, as the Executive Branch is our foreign arbiter in the world. Given this fact, the President may handle foreign policy planning in a couple of different ways.

The President may decide to shake things up and bring in advisors into the State Department to create a counterculture within foreign policy.⁶⁸ The drawback to this is it may create competing networks of information that can create more noise in an already noisy environment. Now, imagine throwing a national security emergency into this situation, it can quickly be seen how decisions are made based on experience

instead of reasonable, well-thought-out policy. To the opposite end of this spectrum the President may become more insular and only trust a small circle of advisors, limiting upstream communication. When communication is limited, policy solutions also become limited and can lead to negative outcomes. FMF needs rejuvenation, a breakaway from the current way of rubber-stamped funding. To strengthen foreign policy, a collective, reinvigorated nexus must ensure FMF is administered in an appropriate manner. Along with a reinvigorated nexus for FMF, funding requires built-in flexibility.

Reforming FMF

Reduce FMF Grants, Increase FMF Loans

The FMF program should transition to a loan program for U.S. allies. There should be a few exceptions built into the program to allow allies flexibility, such as flexible payment arrangements, incentives for paying off their loan early and a grant program for emergent or critical situations. Staying competitive with Russia and China are legitimate concerns but suggesting free defense equipment is the way to keep a competitive advantage disregards the usefulness of other items in the foreign policy toolkit. Additionally, as stated before Russia and China do not offer loan options, yet countries purchase weapons from them.⁶⁹ It's not solely about weapons, countries want to build long-standing relationships.

The United States has other items to offer besides defense equipment. The argument that U.S. diplomats will "turn into bill collectors"⁷⁰ and as such, the U.S. should give away weapons for free isn't a convincing argument. The idea that free is the best way to undercut competition is unfounded as free isn't truly free, since it's taxpayer money. The U.S. should give assistance to countries when it's in our interest to do so, not simply because of current alliances.

FMF should build capacity to become mostly a loan program, and the program should be developed sooner, rather than later. There are horror stories in the past regarding FMF loans. Countries would default on their loans, causing the U.S. to have to forgive the debt, instead of collecting the debt from a key ally.⁷¹ Loans are not a zero-sum game. The U.S. should offer

favorable repayment terms that would allow the U.S. to compete for business. Cash flow financing is a type of loan that allows payments to be set based on historical cash flow and future cash flow projections.⁷² Israel is the only country with a cash flow financing relationship with the United States.⁷³

Countries should be evaluated on their ability to pay for equipment. An example would be the Kingdom of Jordan. In FY2021 Jordan received \$500M in FMF grants to buy fighter jets.⁷⁴ With a GDP of \$44.4B, Jordan could afford flexible payments and other countries would fit this profile, as well. In circumstances where the United States is in a bidding war with Russia or China, adaptations can be made, but giving away defense equipment via FMF should largely be a relic of the past.

Increase Congressional Oversight and Transparency

Currently FMF can only be spent on specific, agreed upon transactions.⁷⁵ This sounds reasonable but if new situations arise within the State Department and there are available FMF funds that can be used, the State Department is not allowed to spend them. The State Department needs greater flexibility to reallocate funds as necessary.⁷⁶ Compare the State Department's limited reallocation powers to the Department of Defense and there is a mismatch of foreign policy values within the United States. The DOD has greater power to shift allocated resources as needed, due to a U.S. foreign policy that is focused on kinetic security solutions instead of shifting and activating diplomatic solutions.⁷⁷

The State Department needs more agility with funding so it can react quickly to crises if needed. It's easy to paint the State Department as bureaucratic but it lags in flexibility which ultimately makes it seem more sluggish compared to the DOD, the DOD's impact is seen and felt on every news broadcast, diplomacy is more finesse and happens behind the scenes.⁷⁸ Congress should readjust FMF guidelines to build flexibility into spending. There are layers of approvals that can be added, such as requiring spending authorization from the Deputy Secretary of State (D) and the Secretary of State (S) (or the Chief of Staff (S/COS), if the S is unavailable). Speed with checks and balances, this should be the goal to ensure the State

Department has the flexibility it needs. Also, resource allocation should be directed to support diplomatic efforts, which could help alleviate the need to redirect funding towards the State Department's emergency fund. Congress can ensure this happens by creating funds in the DOD budget that can easily transition to State in the event of an emergency. In addition, Congress should create two Congressional Liaison Officer positions solely for security program administration for the State Department, currently the State Department as one Congressional Liaison position.⁷⁹ This will be a good start to ensure State has an open line of communication with Congressional leaders. It's a team sport and DOD should be encouraged to become more of a team player.

Gordon Adams, a former Assistant Director for National Security and International Affairs at the Office of Management and Budget (OMB), states, "If American engagement wears a uniform [...] that's one form of interaction. If it involves the ambassador [...] and people doing governance work, it's a different set of missions [...]"⁸⁰ Another way to think of this is, DOD commands attention and often has their needs met without jumping through extra hoops, while the State Department is not afforded the same reverence. To counteract this, Congress should assist the State Department into becoming a planning agency. This will involve consistent engagement with the State Department, yes more meetings and scheduled talks to truly understand what State needs from politicians. The walls need to come down. Congress must make a commitment to engage with State and empower the department to use FMF funding if they follow proper authorizations. Additionally, Congress needs to retrain their focus on security assistance programs, as in the past decade they have held only 2 hearings on security assistance programs, which includes FMF.⁸¹

Much of the State Department oversight is cobbled together and comes to surface when there needs to be a post-mortem done, like in the case of Libya in 2015. Additionally, metrics are important to track whether outcomes are successful or if they fail. Failure can't become simply gauging public reactions, that's politics. To avoid being driven solely by politics and to elevate diplomacy to a more level-headed assessment, long-term goals must be charted and understood. Additionally, greater diplomatic investments are needed to ensure proper FMF oversight. The Biden Adminis-

tration has requested a \$5.5B⁸² increase for the State Department, to increase State and USAID's overall budget to \$58.5B⁸³ but this still pales in comparison to the almost \$778B budget authorized by Congress for the DOD.

Improve Planning at the State Department

The State Department must have greater continuity in their planning. While the DOD may shift priorities as administrations change, their long-term goals are consistent. The State Department needs to adopt a strategic planning strategy which enables it to advocate for more resources and protect its programs.⁸⁴ Most staff members of the Civil Service and the Foreign Service are not trained in strategic planning.⁸⁵ To change this lack of education, Civil Service and Foreign Service staff should attend training programs to educate staff members about proper planning techniques. Additionally, planning and budgeting should come under a single entity within the State Department to ensure policy and budgeting are walking in lockstep with one another. This is essential as policy without funding is dysfunctional, at best. FMF requires close coordination with the White House, DOD, and Congress.

Stakeholders within the State Department must do a better job of protecting their turf and advocating for their programs. FMF has the potential to be a sustainable program. For this to happen, State Department planners should plan how FMF will look soon, in addition to how it will look in future decades. Without knowing where FMF is going, the State Department will fail to adjust to a changing diplomatic landscape. The State Department would be wise to look at how reinvesting the interest from loan repayments would positively affect diplomatic efforts. Conversely, the State Department's plans can include which current partners may drop out of FMF and what future partners may be eligible for FMF.

Also, the State Department would be strengthened with better planning. Diplomatic efforts are influenced by the Executive Branch, which is unavoidable but the Policy Planning Office (PPO) at the State Department must become more robust and dynamic to ensure long-term goals are being met.⁸⁶ PPO, under the direction of the Secretary of State, should advocate for funding within Congress and attach funding requirements to different policy outcomes. This would

create a new dynamic within the State Department and within Washington to help ensure programs are funded for years to come. Coordination needs to be shored up and the PPO is where concise coordination and long-term planning should happen.

Conclusion

FMF in its current format it does not achieve any goals outside of continued funding for defense contractors. FMF needs to be reformed to ensure proper metrics are applied and American interests are being adequately met.

Policymakers have spoken out regarding concerns of creating an arms sales vacuum which will be filled by Russia or China. However, Russia and China do not offer grant programs, and they are not competitive alternatives to American suppliers. U.S. defense systems are trusted and viewed as reliable. It is highly unlikely that U.S. defense companies would be abandoned, thus killing FMF. FMF would still be competitive as a loan program if the loan agreement is fair and reasonable.

Additionally, countries prefer U.S. manufacturers, and most countries can afford to pay for systems outright. To further strengthen FMF, the State Department must invest in long-term planning strategies and Congress must step up to provide adequate oversight over the FMF program. Lastly, transparency is needed to ensure metrics are being followed and appropriations are being spent in a way that benefits U.S. interests.

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