


KEY QUESTIONS

the big six

4



How is the US's ODA budget structured?

The US federal budget is divided into budget ‘functions’, which include all spending on a particular issue across departments or agencies, and can include funding lines from multiple appropriations bills. The US does not have a dedicated ODA budget, but most development-related spending sits in Function 150 (referred to as the International Affairs Budget). Function 150 comprises both ODA-related and non-ODA funding, such as funding for operating embassies, military assistance, and promotion of US exports. In FY2017, the final budget for Function 150 was approved for US\$59.1 billion.

The vast majority of funding (around 97%) included under Function 150 comes from the State-Foreign Operations (SFOPs) appropriations bill. The remainder comes primarily from the agricultural appropriations bill for food security and food assistance funding. In FY2016, the SFOPs was enacted at around US\$53 billion, while in FY2017 it was around US\$58 billion. The SFOPs bill is divided into ‘titles’, each covering a different budget envelope (see Table 2 below). The money in these envelopes is mainly managed by the State Department and the US Agency for International Development (USAID), but not exclusively. Relevant titles related to global development include:

- **Title I: State, Broadcasting & Related Agencies** largely funds the management and running of the State Department. It also contributes to the US’s assessed contributions to 44 international organizations, including the UN’s regular budget and its specialized agencies.
- **Title III: Bilateral Economic Assistance** covers much of the US’s foreign assistance and development activities, accounting for about half of the entire SFOPs. By far the largest share goes to global health (32% in FY2017). This includes most of US support to combat HIV/AIDS and other infectious diseases, maternal and child health, and health systems strengthening, as well as the US’s contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria. Programs funded under this envelope are jointly managed by the State Department and USAID. Funding under the ‘Development Assistance (DA)’ envelope goes broadly to foster economic progress and social stability in partner countries. It is the most flexible account managed by USAID in terms of applying money at country level. The ‘Economic Support Fund (ESF)’, generally managed by the State Department, has a more specific function: to provide assistance to allies

and countries in transition to democracy, support the Middle East peace process, and finance economic stabilization programs. The president’s FY2018 budget request merged the DA into ESF, and significantly reduced funding from the FY2017 combined resources of the two separate accounts. Funding for independent agencies party to US foreign assistance and development like the Millennium Challenge Corporation (MCC) or the Peace Corps also fall under Title III.

- **Title IV: Multilateral Assistance** includes money for US voluntary contributions for various multilateral organizations, including to the World Bank and global environmental funds.

Beyond titles, US foreign assistance is divided into two types: enduring and Overseas Contingency Operations (OCO) (See Table 2 below). OCO funds are set aside for expenses connected to overseas activities, primarily related to Iraq and Afghanistan, humanitarian assistance in the Middle East and North Africa, and embassy security. They are managed by the Department of Defense (DOD) and the State Department. Originally, OCO funds provided emergency funds related to the ‘Global War on Terror’. Recently, however, they have been used for base budget activities of the DOD and the State Department. This includes operations related to the response and prevention of crises, including armed conflict, and man-made and natural disasters. OCO funds are not subject to the same procedural limits on discretionary funding in congressional budget resolutions as regular foreign assistance, but are appropriated simultaneously with it. For some budget lines in the SFOPs, OCO funds comprise the primary source of funding. Additionally, some OCO funds can also be allocated outside the regular appropriations period through a supplemental appropriations process, when the need for funds is urgent.

President Trump’s SFOPs budget request proposes around a 30% cut below FY2017 levels when including OCO. It reduces, merges, and eliminates several budget lines, especially under Titles III, IV, and V in the SFOPs bill. These moves would be in line with the administration’s increased focus on national security and economic growth, its opposition to climate change- and family planning-related programming, and its criticism of multilateral partnerships, among other things. However, the House Appropriations Committee’s SFOPs, passed on July 19, 2017, rejects many of the changes: It proposes about a 17% reduction when including OCO, from US\$57.5 billion (FY2017 enacted) to US\$47.5 billion. The Senate

Appropriations Committee's SFOPs reduces foreign assistance covered in the legislation to US\$51.2 billion, split between US\$30.4 billion in enduring costs and US\$20.8 billion for OCO funding. This is US\$1.9 billion below FY2017 level, when factoring in famine relief.

Table 2. State-Foreign Operations Appropriations overview

millions US\$	FY2016 (total)	FY2017 (expected)		Total 2017
		Enduring	OCO (w. suppl.)	
Title I. State, Broadcasting & Related Agencies	16,458	11,218	6,869	18,087
International Organizations	3,907	1,816	1,451	3,267
Other	12,551	9,402	5,418	14,820
Title II. Admin of Foreign Assistance (USAID)	1,517	1,447	185	1,632
Title III. Bilateral Economic Assistance	24,124	16,139	10,773	26,912
Global Health Programs (GHP), State & USAID	8,503	8,725	-	8,725
GHP (State)	5,670	5,670	-	5,670
GHP (USAID)	2,833	3,055	-	3,055
Development Assistance	2,781	2,995	-	2,995
International Disaster Assistance (IDA)	2,794	498	-	1,186
Economic Support Fund	4,302	1,042	3,640	4,682
Democracy Fund	151	211	-	211
Assistance for Europe, Eurasia and Central Asia	985	292	611	902
Migration & Refugee Assistance	3,066	913	2,446	3,359
Emergency Refugee & Migration	50	10	-	50
Independent agencies	1,364	1,368	-	1,368
Department of Treasury	24	30	-	30
Other	104	55	107	162
Title IV. International Security Assistance	8,831	6,422	2,958	9,380
Title V. Multilateral Assistance	2,629	2,110	-	2,110
World Bank: GEF	168	147	-	147
Green Climate Fund	-	-	-	-
World Bank IDA	1,197	1,197	-	1,197
World Bank IBRD	187	6	-	6
IFAD	32	30	-	30
GAFSP	43	23	-	23
International Organizations & Programs	339	339	-	339
Other	660	368	-	368
Title VI. Export Assistance	(696)	(590)	-	(590)
Total	52,863	36,745	20,785	57,530

Source: Congressional Research Service, State, Foreign Operations and Related Programs: FY2017 Budget and Appropriations (2016) and House of Representatives, 115th Congress, 1st Session, State, Foreign Operations, and Related Programs Appropriations Bill, 2018