

KEY QUESTIONS

the big six



How much ODA does the United States provide?

The US is by far the largest donor, providing almost one-fourth of global ODA

The US is the largest donor country among members of the OECD Development Assistance Committee (DAC). Its net ODA was US\$34.3 billion in 2018 (current prices). This represents around one-fourth (22%) of the ODA provided by all DAC countries.

These numbers are based on the new methodology for measuring ODA loans which the OECD DAC will apply to ODA reporting for 2018 onward. Preliminary ODA figures for 2018 using this new methodology were first released in April 2019. This methodology, called ‘grant-equivalent’ methodology, provides a more accurate way to count donor efforts in concessional ODA loans because only the ‘grant’ portion of loans, expressed as a monetary value, is counted as ODA. Given that the US provides the totality of its ODA in the form of grants, this reform has a marginal impact on its ODA levels. According to the previous methodology, known as the ‘cash basis’ methodology, net ODA was 1.5% below ODA figures using the new methodology.

To allow for comparison overtime, the OECD still publishes net ODA disbursements according to the cash basis methodology. Following a 10%-increase in ODA between 2015 and 2016, ODA levels were largely stable in 2017. In 2018, however, ODA decreased by 5%. Relative to the size of its economy, US ODA is low: In 2018, the US spent 0.17% of its GNI on ODA, ranking 22nd among DAC donors, far below the ODA/GNI target of 0.7%.

Foreign assistance spending under the Trump administration (which includes funds for diplomacy and development) has remained largely unchanged due to Congressional support for such spending. The FY2019 approved funding levels largely reject the deep cuts to US foreign assistance included in the president’s FY2019 budget request, setting US funding for development and diplomacy (International Affairs Budget, see question four: ‘How is the US’ ODA budget structured?’) at US\$56.1 billion, including base and Overseas Contingency Operations (OCO) funding. This represents a small increase of US\$193 million compared to FY18 levels. Congress also approved the State and Foreign Operations appropriations bill, which funds the State Department (State), the United States Agency for International Development (USAID), and other US agencies responsible for US foreign assistance, at US\$54.2 billion — US\$11.9 billion more than the 30% cut requested by Trump for FY2019.

US foreign assistance:

The US does not have a dedicated ODA budget. Rather, the federal budget is divided into budget ‘functions’ that include all spending on an issue, sourced from various appropriations bills. Most development-related spending is within Budget Function 150, commonly referred to as the International Affairs Budget, which includes ODA-accountable funding and non-ODA money, such as operating embassies, military assistance, and promotion of US exports.

Further information: 2017 prices

To compare ODA levels in any given year with ODA levels provided in other years, figures need to be adjusted to account for inflation and exchange rate fluctuations. The OECD provides data that accounts for these fluctuations. In this profile, and unless indicated otherwise, figures are stated using 2017 prices.

The final spending levels for FY2018 and FY2019 are relatively stable. Some of the increases for FY2019 include more funds for USAID’s Capital Investment Fund (+14%), the National Endowment for Democracy (+6%), and the Democracy Fund (+5%). There are also modest increases in overall humanitarian and global health funding. Decreases in funding include a cut to the State Department’s Capital Investment Fund (-10%) and a decrease in Economic Support Funds (-6%).

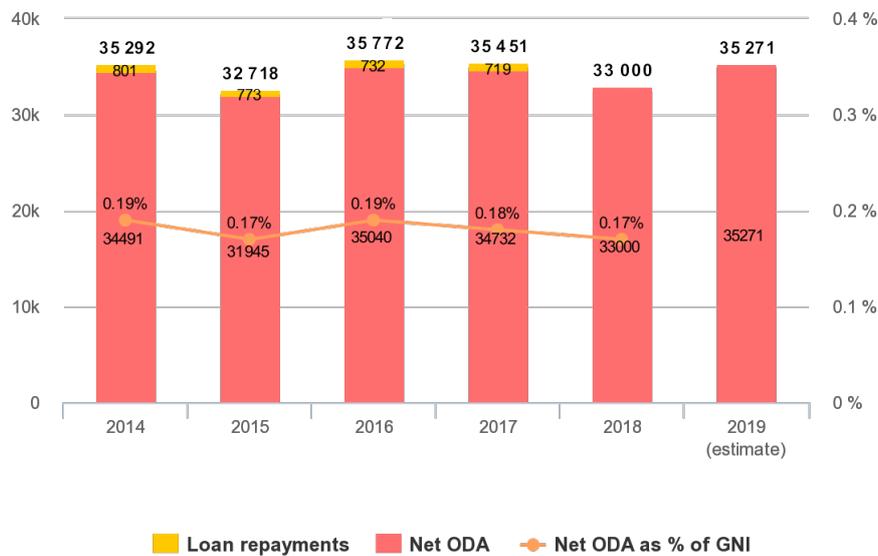
The president’s FY2020 budget request, released in March 2019, once again proposed steep cuts to foreign assistance spending. The budget requests a 23% cut to the State, USAID, and other international programs compared to FY2019 enacted levels. It also eliminates Overseas Contingencies Operations (OCO) funding, discretionary spending that supports international affair activities, for State and USAID (see ‘Key Question 5: How is the US’ ODA budget structured?’). Given that Congressional support for international assistance remains strong, it is unlikely that big cuts to the budget will be enacted.

In June 2018, the US Senate narrowly rejected the Trump administration’s proposal to cut US\$15 billion in unused funds from the prior year. That proposal included cuts of US\$334 million from the International Affairs Budget, including US\$252 million in funding for Ebola response, US\$30 million from the Complex Crises Fund, and US\$52 million from the Millennium Challenge Corporation.

Later, in August 2018, the White House Office of Management and Budget was forced to abandon a separate plan to rescind US\$3 billion in already-approved, unobligated foreign assistance funding due to broad pushback. The plan, despite not being enacted, forced agencies involved in US foreign assistance to rapidly commit unused funding to avoid losing it.

THE US' GROSS/NET ODA DISBURSEMENTS

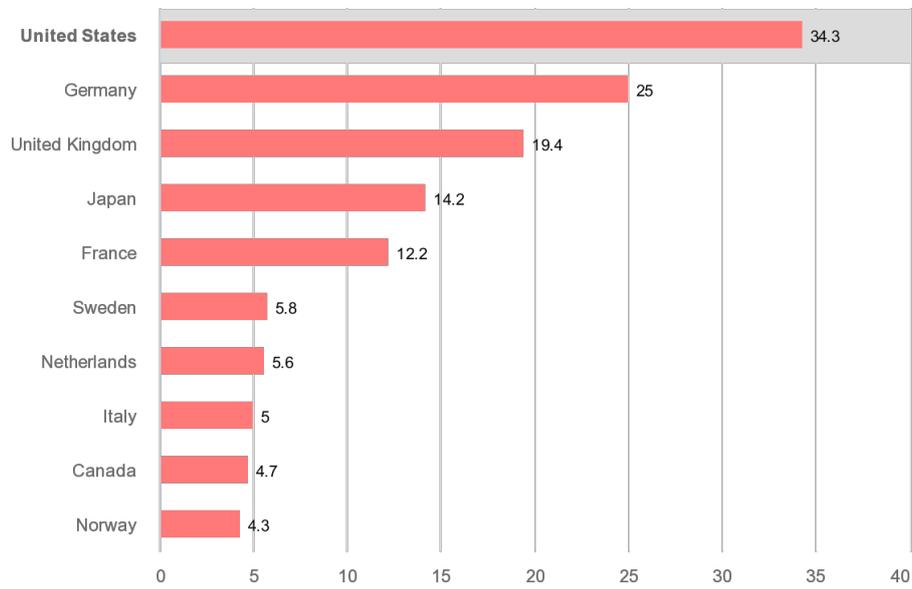
US\$ millions; in 2017 prices



OECD table DAC1. 2018 number according to preliminary data (April 2019).
ODA estimates for 2019 based on government data.

TOP 10 DAC DONOR COUNTRIES, 2018

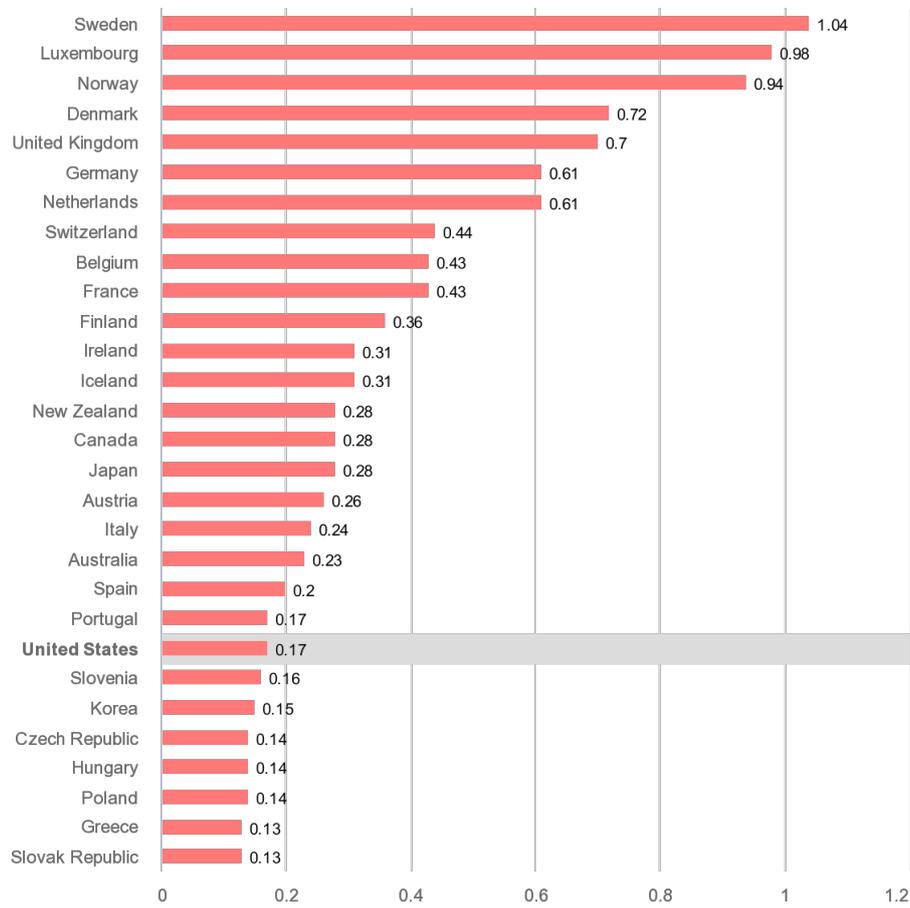
Total ODA disbursements; US\$ billions; in current prices



OECD DAC preliminary data (April 2019).

DAC DONOR COUNTRIES, 2018

Net ODA as % of GNI



OECD DAC preliminary data (April 2019).