

KEY QUESTIONS

the big six

6

How is the US's ODA spent?

Bilateral programs receive the vast majority of US ODA; US still among largest contributors to multilateral organizations

The US provides development assistance mainly in the form of bilateral support to partner countries. According to OECD data, the US channels US\$21.7 billion of its ODA bilaterally, representing around 86% in 2015 (OECD donor country average: 61%). This is in part due to large Presidential Initiatives such as the President's Emergency Plan for AIDS Relief (PEPFAR), which provide significant funds bilaterally. For example, PEPFAR alone had a total budget of US\$6.8 billion in 2015 and 2016. Of this, US\$5.4 billion was bilaterally programmed for HIV/AIDS and tuberculosis (TB) programs.

In the FY2018 budget request from the Trump administration, bilateral funding would be reduced and refocused on economic assistance for countries and sectors of greatest strategic importance to the US. However, given the ongoing congressional appropriations process, it is unclear what the outcome for FY2018 and beyond will be.

Core ODA funding to multilateral organizations stood at US\$4.3 billion in 2015. This accounts for around 14% of total US ODA, significantly lower than the OECD DAC average of 39%. In absolute terms, the US is still the second-largest provider of core contributions to multilateral organizations after the United Kingdom. Key recipients in 2015 were: the World Bank (34% or US\$1.5 billion), UN agencies (21% or US\$909 million), and regional development banks (12%). Other key multilaterals receiving US support are the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) (US\$1.3 billion) and Gavi, the Vaccine Alliance (Gavi, US\$200 million). In addition to core contributions, the US provided US\$5.7 billion in earmarked funding to multilaterals for specific projects or regions (this is reported as bilateral ODA), bringing the total amount of ODA in 2015 channeled multilaterally to US\$10 billion (32% of overall ODA).

During the Obama administration the role of multilateral institutions was highlighted as essential to meet the needs of and sustain the response to the world's challenges. Under President Obama, for the first time, the administration announced a multi-year pledge to the Global Fund: US\$4 billion over three years (2011-2013). The US subsequently hosted the 2014-2016 replenishment conference, pledging an additional US\$4 billion. For 2017 to 2019, the US has committed another US\$4.3 billion. Since

its inception, the US has also been a strong supporter of Gavi. On climate change, President Obama committed US\$3 billion to the UN Green Climate Fund (GCF), of which US\$1 billion has been paid.

Among other cuts, the Trump administration's budget for FY2018 would cease financing to address climate change, including to the GCF and the Global Climate Change Initiative (GCCII), and family planning (FP), including funding to the United Nations Population Fund (UNFPA). The House Appropriations Committee's State-Foreign Operations (SFOPs) appropriations bill, passed on July 19, 2017, rejected many of these cuts, but confirms a shift away from climate change and FP programming. A budget line for reproductive health and FP was reduced, and funding to UNFPA eliminated. The bill also seeks to codify the 'Mexico City Policy' and explicitly discusses the issue of UN reform, suggesting withholding funding to agencies until transparency and accountability measures are met. (For more information, see Key Question 1: How much ODA does the US provide? and Key Question 2: What are the US's strategic priorities for development?) The Senate Appropriations Committee's SFOPs, passed on September 7, 2017, confirms these shifts albeit more minimally: It maintains, for example, provisions related to abortion, but restores funding to UNFPA and contains language repealing the Mexico City Policy.

The US government does not utilize loans; all bilateral ODA is distributed through grants

According to OECD data, US bilateral ODA is provided 100% in the form of grants (OECD DAC average: 90%). The US relies on the public sector (US\$10 billion, 36%; DAC average: 54%), and NGOs and civil society (US\$7 billion; 26%) to channel bilateral ODA. Under the Obama administration, the US shifted its policy to working more with local partners in developing countries. The OECD DAC Peer Review (2016) underlines, however, that, despite this focus on local capacity, the US's use of these mechanisms is low. As part of a reform in 2010, the US Agency for International Development (USAID) aimed to have 30% of mission programs by 2015 implemented through local actors in partner countries. Though the share of programming implemented locally had nearly doubled by 2015, the 30% target was missed, reaching only 19%. US private contractors, NGOs, and grantees remain the largest implementers.

Who are the US's ODA recipients?

Strong focus on SSA, LICs, and fragile states

Geographically, the US focuses its bilateral ODA on sub-Saharan Africa (SSA). In 2015, the US provided US\$9.5 billion in bilateral ODA to the region (35% of bilateral ODA), followed by Asia (US\$4 billion, 16%). Excluding funding unallocated to a specific region, between 2013 and 2015, 48% of US bilateral ODA went to SSA, 22% to Asia, and 15% to the Middle East and North Africa region. Afghanistan was by far the largest recipient country, receiving on average US\$1.7 billion in US ODA between 2013 and 2015. However, US foreign assistance to countries is widely dispersed; according to government data 214 countries received support in 2015.

US bilateral ODA focuses on the world's poorest countries. 36% of bilateral ODA between 2013 and 2015 went to low-income countries, which is significantly higher than the DAC average (26%); 18% was allocated to lower-middle income countries (DAC average: 20%).

How is bilateral funding programmed?

No overarching country-based approach; different mechanisms used depending on implementing entity and topic area

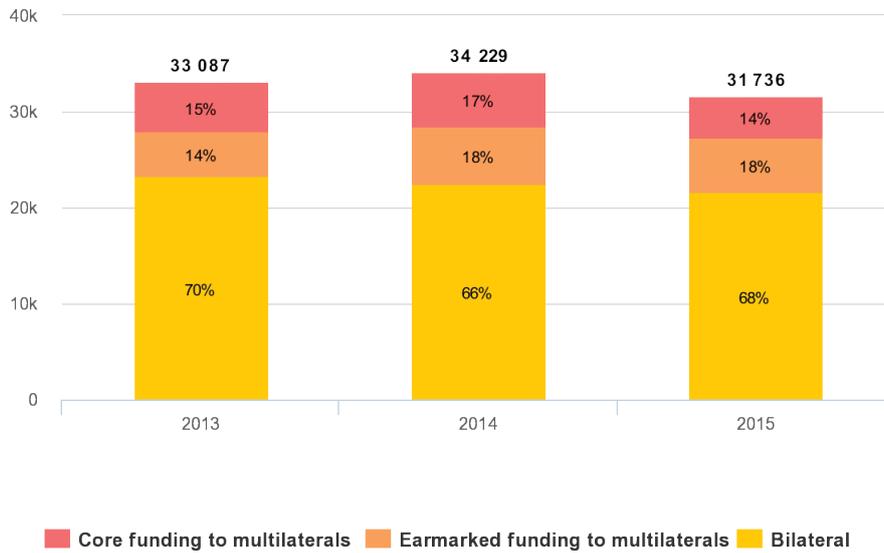
The US does not have a government-wide approach to implementing bilateral programming. USAID's overseas missions develop five-year Regional or Country Development Cooperation Strategies (CDCS) in cooperation with Washington headquarters and local stakeholders. These outline sectoral and geographic focus areas, development objectives and results frameworks, as well as strategic objectives and implementation approaches. While CDCS cover five years, funding allocations and decisions at the local level must also take into account directives from USAID headquarters in Washington and the annual appropriations process, which makes multi-year commitments a challenge. The Millennium Challenge Corpo-

ration (MCC), conversely, can make multi-year commitments as it is legally authorized to enter into five year commitments known as 'compacts' with partner countries. While different approaches and mechanisms are deployed depending on which governmental agency is implementing, the State Department has Integrated Country Strategies (ICS) that strive to encapsulate the government foreign policy objectives into one strategy. The ICS are informed by the priorities outlined in USAID CDCS development objectives and those of other agencies active in the country.

Some Presidential Initiatives promote a more coordinated, longer-term approach to cooperation with partner countries. US funding for HIV/AIDS, for example, is provided through PEPFAR, which is supervised by the Office of the Global AIDS Coordinator (OGAC) at the State Department. Bilateral PEPFAR cooperation is implemented by several departments and agencies at the field and headquarters level, mainly USAID and the Department of Health and Human Services (HHS) through the Centers for Disease Control (CDC) and the National Institutes of Health (NIH). Within the framework of PEPFAR, partner countries can request bilateral funding through two parallel processes. First, in a process led by field offices, relevant implementing agencies jointly (through a PEPFAR coordinator) elaborate biannual Country Operational Plans (COPs) which outline investments and priority areas. Host country governments and other local partners are to be consulted during the elaboration of COPs, which are approved by OGAC after several rounds of review. Second, recipient countries can also request centrally-funded assistance from headquarters. Five-year Partnership Frameworks between the US and the host government, introduced in 2009, establish strategic goals and areas of intervention. These enable longer-term planning. For countries with such a framework, COPs are the annual work plans for US efforts to achieve framework results. Development of the Partnership Frameworks is cross-institutional, with OGAC supervising the process led by the US Ambassador in the country with support from the interagency PEPFAR country team.

THE US' BILATERAL AND MULTILATERAL ODA

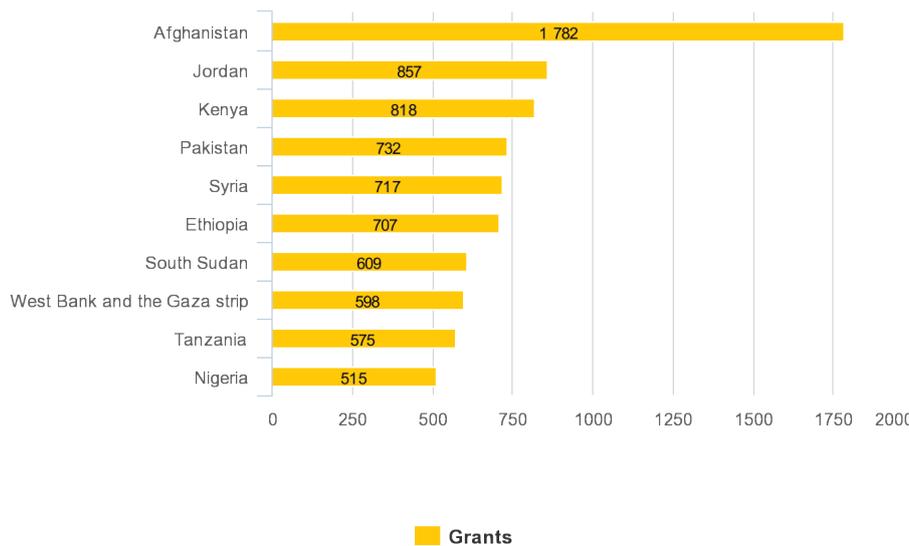
US\$ millions; in 2015 prices



OECD DAC. Gross disbursements.

THE TOP 10 RECIPIENTS OF THE US' ODA

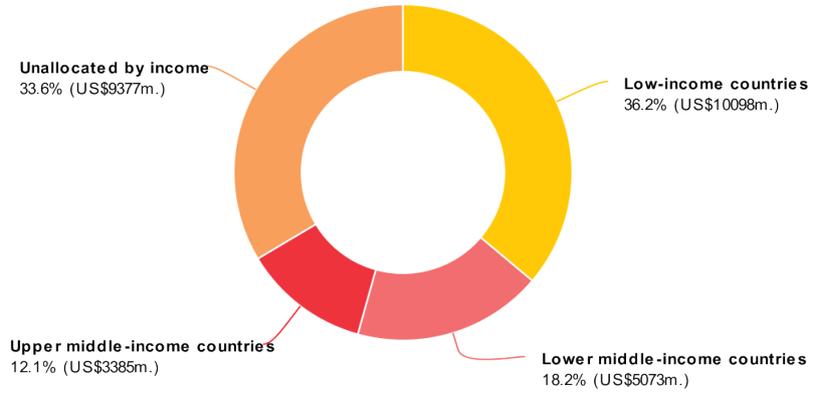
average 2013-2015, excluding debt relief; US\$ millions.



OECD CRS. In 2015 prices.

THE US' BILATERAL ODA BY INCOME-GROUP, 2013-2015

Total average 2013-2015: US\$27.9 billion



OECD CRS. Gross disbursements, in 2015 prices