

# KEY QUESTIONS

## the big six



### What are the US' strategic priorities for development?

#### **Trump administration links development assistance more strongly to US national security and economic interests; food assistance is a main focus of Congress for FY2018**

Overarching priorities for US development policy are set by the White House. Under former President Barack Obama, global development was elevated to be a core component of US international engagement, along with diplomacy and defense, in the 2010 Presidential Policy Directive on Global Development (PPD-6). PPD-6 outlined economic growth, democratic governance, global health, food security, climate change, energy, and multilateralism as thematic priorities for US development cooperation.

Several Presidential Initiatives were enhanced or introduced in the PPD-6 to advance its priority areas. Presidential Initiatives are signature initiatives which leverage or consolidate existing programs and resources of US foreign assistance to focus more effectively on a particular issue. Under Obama, for example, Congress extended the President's Emergency Plan for AIDS Relief (PEPFAR) and the President's Malaria Initiative (PMI), launched by former President George W. Bush. Obama also launched the 'Feed the Future' initiative to improve agricultural productivity and nutrition, and 'Power Africa', an initiative that seeks to increase access to energy in sub-Saharan Africa.

Development assistance funding patterns in 2016 (the most recent year of detailed data available) mirrored the above focus areas. According to OECD data, the largest share of US bilateral ODA went to global health (US\$8.2 billion, or 28% of bilateral ODA in 2016). Other funding priorities included humanitarian assistance (US\$6.3 billion, 22%), government and civil society (US\$3.0 billion, 10%), and education (US\$1.5 billion, 5%), which overtook agriculture as the fourth-largest bilateral sector from 2015 (see figure).

Under President Trump priorities are shifting to be more strongly linked to national interests. The US National Security Strategy, published in December 2017, and the president's FY2019 budget request both reinforce the topline shift that was first presented in the president's FY2018 budget request: advancing national security and economic competitiveness, and promoting economic growth in countries of strategic importance to the US.

The cuts included in the president's FY2018 budget request were not enacted by Congress in its FY2018 omnibus bill, passed on March 21, 2018. However, certain funding decisions are in line with the president's request, including some decreases to multilateral assistance, diplomatic and embassy security, some economic assistance, climate change, and peace-keeping programming. Other aspects of the FY2018 budget repudiate the president's cuts through increasing or maintaining funding to certain sectors. Congress, for example, protected FY2017 funding for global health, especially bilateral HIV/AIDS programming, malaria, and international family planning — and humanitarian assistance. Funding to maternal and child health programs saw slight increases. The FY2018 omnibus budget bill also increased funding for US food and agricultural assistance.

Despite congressional opposition to the FY2018 budget request reductions, the president's FY2019 budget request, released on February 12, 2018, again asks for drastic cuts to the US' International Affairs Budget. This includes, for example, a proposed 31% cut to the US contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria, and to democracy and peace-building programming. On the other hand, it partially restores funding to 24 of the 37 countries whose development assistance had been eliminated in the previous year's budget request, and reduced — but did not eliminate — funding to international family planning. It is unclear how much Congress will take the president's request up in their appropriations process.

Further development priorities are outlined by the US Department of State (State Department), responsible for foreign policy, and United States Agency for International Development (USAID), the development assistance agency. The current development assistance strategic framework for these institutions is laid out in the 2018-2022 Joint Strategic Plan and is characterized by four overarching goals: 1) Protect America's Security at Home and Abroad, 2) Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation, 3) Promote American Leadership through Balanced Engagement, and 4) Ensure Effectiveness and Accountability to the American Taxpayer. Within these goals, other dimensions of US foreign assistance are emphasized: counter-terrorism, health, economic growth, US economic security, private-sector partnership, and humanitarian relief.

In February 2018, in a briefing about the president’s FY2019 budget request, Deputy-Secretary of State John Sullivan cited the following related priorities for his department: US prosperity; economic and development assistance, including for refugees and humanitarian crises; water; sanitation; health; and food security. At the same time, USAID Administrator Mark Green emphasized his agency’s main priorities as supporting countries in transitioning from development assistance, addressing conflict, preventing pandemic disease, supporting democracy, and counteracting the drivers of violence, instability, transnational crime, and other security threats, as well as the US’ own economic growth. (see question three: ‘Who are the main actors in the US’ development cooperation’ for more information on priority setting processes).

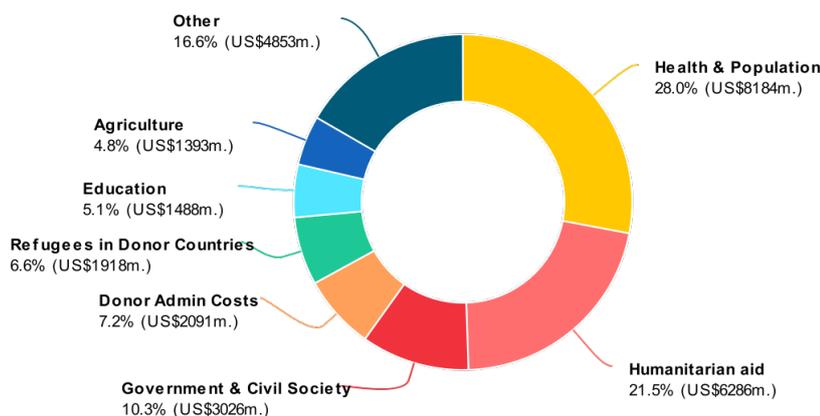
A funding and strategic priority of Congress moving forward will be US food assistance and reforming it to make it more efficient. The US is the world’s largest donor to food assistance; however, there is bipartisan consensus that the way US food assistance is delivered could be more effective, faster, and less expensive. The Farm Bill, a highly politically contentious five-year piece of legislation, authorizes and shapes the largest of the US’ global food assistance programming (for more details, see ‘Deep Dive: Agriculture’). It includes a stipulation that at least 50% of the country’s global food assistance be transported by US flag ships (called the "cargo preference"). Concerns have been raised that this hinders the effectiveness of US food assistance. The Farm Bill is being renegotiated

in 2018.

Apart from changes in thematic priorities, there have been several initiatives to reform the structure of US foreign and development assistance, including the organization of the State Department and USAID. President Trump has sought to streamline US development efforts through the elimination, merging, or reducing of funding and operations. In 2017, the State Department and USAID conducted reviews aimed at modernizing US development assistance. Some initiatives, such as a joint-review and redesign of the State Department and USAID, have stalled, while others have already led to changes in how development assistance is delivered, including reductions in personnel at the State Department. As a response, Congress’ FY2018 budget bill includes strong language to ensure transparency and oversight by Congress of the State Department and USAID, in particular around reform decisions. In April 2018, USAID published an almost final organizational restructuring plan and began a consultation process with Congress and internal and external stakeholders. One such area of reform is a proposal outlined in the president’s FY2019 budget request to consolidate the US’ existing development finance instruments e.g., the Overseas Private Investment Corporation (OPIC) and USAID’s Development Credit Authority (DCA), into a new standalone Development Finance Institution (DFI). The design and level at which this DFI is capitalized is still unclear, but the proposal counts significant bipartisan support in Congress.

### THE US' BILATERAL ODA BY SECTOR, 2016

Total: US\$28 866 million



OECD CRS. Gross disbursements. \*Includes agriculture, forestry, fishing, and rural development. In 2016 prices.

Table 1. United States Department of State and USAID, Strategic Plan 2018-2022 – Strategic goals and objectives

Strategic Goals	Strategic Objectives
<p>1. Protect America’s Security at Home and Abroad</p>	Counter the proliferation of Weapons of Mass Destruction (WMD) and their delivery systems
	Defeat ISIS, al-Qa’ida and other transnational terrorist organizations, and counter state- sponsored, regional, and local terrorist groups that threaten U.S. national security interests
	Counter instability, transnational crime, and violence that threaten US interests by strengthening citizen-responsive governance, security, democracy, human rights, and rule of law
	<p>Increase capacity and strengthen resilience of our partners and allies to deter aggression, coercion, and align influence by state and non-state actors</p> <p>Strengthen US border security and protect U.S. citizens abroad</p>
<p>2. Renew America’s Competitive Advantage for Sustained Economic Growth and Job Creation</p>	Promote American prosperity by advancing bilateral relationships and leveraging international institutions and agreements to open markets, secure commercial opportunities, and foster investment and innovation to contribute to U.S. job creation
	Promote healthy, educated and productive populations in partner countries to drive inclusive and sustainable development, open new markets and support US prosperity and security objectives
	Advance US economic security by ensuring energy security, combating corruption, and promoting market-oriented economic and governance reforms
<p>3. Promote the transition to a low-emission, climate resilient world while expanding global access to sustainable energy</p>	Transition nations from assistance recipients to enduring diplomatic, economic, and security partners
	Engage international fora to further American values and foreign policy goals while seeking more equitable burden sharing
	Increase partnerships with private sector and civil society organizations to mobilize support and resources and shape foreign public opinion
	Project American values and leadership by preventing the spread of disease and providing humanitarian relief.
<p>4. Protect core US interests by advancing democracy and human rights and strengthening civil society</p>	Strengthen the effectiveness and sustainability of our diplomacy and development investments
	Provide modern and secure infrastructure and operational capabilities to support effective diplomacy and development
	Enhance workforce performance, leadership, engagement, and accountability to execute our mission efficiently and effectively
	Strengthen security and safety of workforce and physical assets

Source: US Department of State and USAID Joint Strategic Plan 2018-2022