

## US development policy New priorities under President Trump

### SUMMARY

The new administration of US President Donald Trump has put forward an 'America First' vision in the field of development policy. In his 2018 budget proposal, President Trump requests the US Congress to scale back and refocus US political commitments and financial contributions in the areas of economic and development assistance, humanitarian aid and global health.

Limited US foreign assistance funding will be prioritised on the regions, programmes and international organisations that most directly advance US national security and economic interests. The US reasoning is that other countries, other donors and the private sector will fill the resulting development policy gaps, through paying 'their fair share'.

In line with his scepticism of multilateral agreements and international organisations, President Trump announced on 1 June 2017 that the United States will withdraw from the Paris Climate Accord. While the withdrawal will potentially take years, the USA will immediately cease contributions to the Green Climate Fund, which was not just established to limit or reduce greenhouse gas emissions in developing countries, but also to help vulnerable societies adapt to the impacts of climate change.



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## Context and stay of play

Since the first major US foreign aid programme, the Marshall Plan (1948-1951) to assist Europe after World War II, US foreign assistance has been viewed as an essential instrument of US foreign policy. Its rationales include defending US national security, asserting US leadership and influence, and fostering opportunities for US economic interests. At the same time, US foreign assistance has increasingly been seen within the USA as an expense that the country cannot afford given current budget deficits and persisting domestic problems.

The Congressional Research Service (CRS) 2016 report, '[Foreign Aid: An introduction to US programs and policy](#)', lists a number of US aid objectives that are thought to fit within the above-mentioned rationales: promoting economic growth and reducing poverty, improving governance, addressing population growth, expanding access to basic education and health care, protecting the environment, promoting stability in conflict regions, protecting human rights, promoting trade, curbing weapons proliferation, strengthening allies, and addressing drug production and trafficking.

According to the US government's website, [ForeignAssistance.gov](#), over 20 US government agencies are responsible for either funding or executing US foreign assistance activities in more than 100 countries around the world.

Some foreign policy experts have [questioned](#) the merits of current US development assistance, pointing to a lack of programmatic focus, failure to properly evaluate programmes' effectiveness, and roles shared among too many agencies.

The bipartisan Congressional Task Force on Reform and Reorganization of US Development Assistance is currently [working](#) to identify possible steps that the Trump administration and the US Congress can take to improve efficiency, effectiveness and accountability in the field of development assistance.

While the exact figures on US foreign assistance vary depending on source and definition, the United States' foreign aid spending is just over 1 % of the total federal budget. The [OECD's preliminary 2016 figures](#) show that the USA last year provided US\$33.59 billion in official development assistance (ODA). This makes the USA the second largest foreign aid donor worldwide, after the €75.5 billion combined contributions of the European Union and its Member States. At the same time, the USA ranks very low when aid is calculated as a percentage of gross national income (GNI).

The United States' 2016 ODA figure of 0.18 % of GNI is far below the level of 0.70 % of GNI that was established as a target for donors in the 2000 UN Millennium Development Goals. However, ODA targets are not pertinent in the US public debate because the USA has not subscribed to ODA targets or timetables. By comparison, the EU's collective ODA represented 0.51 % of GNI in 2016.

## The President's 2018 budget proposal

Donald Trump was inaugurated as US President on 20 January 2017. On 23 May 2017, the White House Office of Management and Budget (OMB) submitted the [President's Fiscal Year 2018 budget request](#). President Trump's proposal can be understood as a political statement that lays out the **President's political and budgetary priorities**.

The President's FY2018 budget proposal includes US\$37.6 billion for the US Department of State (State) and US Agency for International Development (USAID) – a 32 % reduction compared to FY2017 appropriations.

For **humanitarian assistance**, the 2018 budget proposal requests US\$5.3 billion, a US\$2.4 billion reduction (-31 %) and for **global health** US\$6.5 billion, a US\$2.2 billion reduction (-25 %). The request for contributions to **international organisations** is US\$996 million, a decrease of US\$447 million (-31 %). US contributions for **international peacekeeping** activities are reduced from US\$2.4 billion to US\$1.2 billion (-50 %).

The administration's expressed goal is to **streamline foreign assistance** and to **free up funding** for an increased military budget and other domestic priorities. Economic and development assistance will be refocused and reduced across countries and sectors.

Under the proposed budget, the USA will focus its support on countries that are of current national security interest, located mainly in the Middle East and in Africa's Sahel region. Bilateral aid programmes for dozens of other developing countries are reduced to nothing or substantially cut. Funds for regional aid programmes and multilateral development banks are likewise eliminated or reduced.

While the budget proposal suggests that the USA intends to retreat partially as a global foreign aid actor, the US administration [claims](#) it will remain the global leader in providing humanitarian assistance worldwide.

The White House's stated explanations for their proposed cuts to various foreign development programmes and agencies are outlined in the budget document, [Major Savings and Reforms](#). An analysis of the stated explanations reveals the emergence of three main rationales:

1. Existing foreign development programmes failed to advance US foreign policy objectives and support US national security.
2. The programmes were either inefficient, ineffective, or both.
3. The USA has shouldered a disproportionate and unfair burden of foreign aid costs. Other countries and donors should step up and provide more funding.

These themes are in line with President Trump's 'America First' principles, prioritising domestic interests over international commitments. President Trump's international engagement focuses on fighting international terrorist groups and forming partnerships that directly benefit the United States. Trump also appears to see the military, rather than the State Department/USAID, as his primary tool for international engagement.

The US administration expects that the requested budget cuts are implemented together with reform and reorganisation efforts within the State Department and USAID. One option discussed is the partial integration of USAID into the State Department. In reaction, some experts have [warned](#) that a State/USAID merger would be a mistake.

### **Budget procedure and role of US Congress**

The publication of the President's FY2018 formal budget proposal has kicked off the annual budget procedure. The President also concludes the budgetary process by signing appropriations, revenue and entitlement bills into law. However, the US Congress, comprising the House of Representatives and the Senate, is responsible for [passing the legislation](#) that constitutes the federal government budget. Both chambers' appropriations committees are currently working on the annual spending bills for the forthcoming Fiscal Year (FY) 2018, which runs from 1 October 2017 to 30 September 2018.

As part of the budget negotiation process, the House and Senate appropriations committees, as well as other relevant committees, invite key administration staff to

defend the proposals in public hearings. In mid-June, **Secretary of State, Rex Tillerson**, defended the State and USAID budget request, and answered questions before the [House Foreign Affairs Committee](#) and the [Senate Foreign Relations Committee](#).

In the House, some Republican Representatives and all Democrats opposed the budget cuts, saying they would cripple American diplomatic efforts and ultimately harm national security. Other House Republicans praised the proposed spending cuts and the new 'America First' approach. They, along with Tillerson, argued that international cooperation was more important to success than funding levels. In the Senate, the proposed budget cuts garnered less Republican support, while there was total Democratic opposition to the cuts. Both House and Senate Democrats attacked the Trump administration's foreign policy values as nationalistic and as a retreat from the world. Tillerson argued that American leadership would continue, but other countries would have to begin paying their fair share.

Prior to the hearings, a **bipartisan group of 43 senators** had [expressed](#) strong support for robust funding for the FY2018 international affairs budget, stating that deep cuts to the international affairs budget would undermine the country's economic and national security interests, as well as the humanitarian and democratic principles that the USA supports.

At this stage, it can be expected that Congress will reduce the FY2018 budget for State and USAID but not as dramatically as proposed by the President.

### Foreign aid cut proposals in detail

The President's budget proposal requests a refocusing and reduction of economic and development assistance across countries and sectors. The **Development Assistance (DA) account**, which funds the core of USAID's development activities and has a budget of US\$2.7 billion in FY2017, would be eliminated. This USAID account, along with the **Economic Support Fund** (budget of US\$5.3 billion in FY2017) and two other accounts, would be combined in the new **Economic Support and Development Fund (ESDF)**. This new ESDF would be managed by the State Department, and its proposed budget of US\$4.9 billion represents a 4.2 billion decrease from the comparable FY2017 level (-44 %).

### Disaster relief and food aid

The President's budget proposal requests a reduction in funding for the International Disaster Assistance (IDA) account, which provides humanitarian assistance to aid victims of conflict and natural disasters, provide emergency food, and address the underlying causes of food insecurity. The proposed 2018 IDA account of US\$2.5 billion includes US\$1.5 billion for the Office of Food for Peace, and US\$1 billion for the Office of Foreign Disaster Assistance, both managed by USAID. The IDA budget was US\$2.7 billion in 2016, and had reached US\$4.4 billion in 2017 after a supplemental increase targeting famine relief.

A separate programme entitled 'Title II food aid program', worth some US\$1.7 billion, will be eliminated. Title II commodities are grown in the USA by US farmers and sent overseas. The White House characterises the programme as 'inefficient, slow, and high-cost'. According to the budget justification, the United States is the largest provider of emergency food aid, typically accounting for a third or more of all contributions. As the USA refocuses assistance to its areas of highest national priority, the Trump administration calls upon other donors to do 'their fair share'.

### **Global health programmes**

The President's budget proposal reduces funding for several global health programmes by 25 %, including that for HIV/AIDS, with the expectation that other donors would increase their commitments to these causes. Funding in the Global Health Programs account for international family planning programmes would be eliminated entirely. This is in line with the [Presidential Memorandum on the 'Mexico City Policy'](#), issued by President Trump on 23 January 2017. Under this policy, foreign non-governmental organisations that receive US funding for global health assistance have to agree not to perform or actively promote abortion as a method of family planning, or provide financial support to any other foreign non-governmental organisation that conducts such activities.

The new policy also applies to the **US President's Emergency Plan for Aids Relief (PEPFAR)**, which he has requested be cut from US\$6 billion to US\$5 billion. [PEPFAR](#) is an inter-agency programme that works to treat and control the HIV/AIDS epidemic. In view of the reduced budget, PEPFAR would maintain the antiretroviral treatment for all current HIV/AIDS patients but limit its HIV/AIDS epidemic control work to 12 countries.

### **Migration and refugees**

The administration has requested no funding for the US Emergency Refugee and Migration Assistance (ERMA) account. Instead, all ongoing, as well as unexpected, urgent refugee and migration needs will be supported through the Migration and Refugee Assistance (MRA) account.

The majority of the MRA account, which is requested to be cut from US\$3.36 billion in FY2017 to US\$2.75 billion in FY2018, addresses the protection and assistance needs of refugees, victims of conflict, stateless persons, and vulnerable migrants worldwide. Funds primarily support the programmes of international organisations, including the United Nations Refugee Agency (UNHCR), the International Committee of the Red Cross (ICRC), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the International Organization for Migration (IOM), as well as non-governmental organisations (NGOs).

### **Contributions to the United Nations and other international programmes**

The President's 2018 budget calls to reduce the US contributions to the United Nations (UN) and other international organisations from US\$1.44 billion to US\$996 million. It proposes to end or reduce funding for international programmes and organisations 'whose missions do not substantially advance US foreign policy interests or for which the funding burden is not fairly shared amongst members'. Priority will be given to organisations that most directly support US national security interests and American prosperity. NATO, for instance, would continue to be fully funded.

In order to implement the proposed reductions, the White House instructs the Department of State to examine options and possible methods to: (a) reduce the levels of international organisations' budgets, (b) reduce US assessment rates, and/or (c) not pay US assessments in full. The White House admits that the first two options would require the agreement of other member states in inter-governmental bodies such as the UN General Assembly. To pursue the third option, the Department of State would undergo a systematic review to identify organisations where reductions can be achieved while maintaining US national interests.

Regarding **UN peacekeeping activities**, the President's budget proposal requests to cut by half the US contributions, from US\$2.4 billion to US\$1.2 billion. The US currently pays over 28 % of the UN peacekeeping budget, which the White House argues is more than its fair share of the cost. It suggests that the UN can rein in costs by re-evaluating the design and implementation of peacekeeping missions and sharing the funding burden more fairly among members.

### Withdrawal from the Paris Climate Agreement

The budget proposal reflects President Trump's scepticism of multilateral agreements and international organisations. After his visit to Europe at the end of May 2017, which included the NATO Summit, meetings with top EU officials and the G7 summit, President Trump [declared](#) on 1 June that the USA will withdraw from the Paris Climate Agreement. The USA will also cease its contributions to the United Nations' [Green Climate Fund](#), which was not only established to limit or reduce greenhouse gas emissions in developing countries, but also funds efforts to mitigate the effects of climate change in highly vulnerable societies, in particular, Least Developed Countries (LDCs), Small Island Developing States (SIDS), and African States.

The [announcement](#) led to numerous, **mainly negative reactions and commentaries** worldwide, including in the USA and in Europe. The European Parliament's President, Antonio Tajani, [declared](#) that 'the Paris agreement is alive and we will take it forward with or without the US administration'. At the G20 Summit on 7-8 July 2017, the leaders took note of the United States' decision to withdraw. The 19 other G20 members [stated](#) 'that the Paris Agreement is irreversible', and reiterated the 'importance of fulfilling the UNFCCC commitment by developed countries'.

### New European Consensus on Development

In its [resolution of 14 February 2017](#), Parliament stressed the importance of the [European Consensus on Development](#) in providing a joint and coherent position at both EU and Member State level on the objectives, values, principles and main aspects of development policy. In June 2017, the EU and its Member States signed the '[New European Consensus on Development](#)'. It is the first time that a shared framework applies to all EU institutions and Member States. The leaders representing the EU institutions and the Member States, confirmed in a [joint public statement](#) that the primary objective of EU development policy is the reduction and, in the long term, the eradication of poverty. The new Consensus integrates the economic, social and environmental dimensions of sustainable development. In doing so, it aligns European development action with the [2030 Agenda for Sustainable Development](#), which is also a cross-cutting dimension for the [EU Global Strategy](#).

### Examples of proposed funding eliminations

<i>Programme</i>	<i>Mission/Description</i>	<i>Elimination justification</i>	<i>Savings</i>
<b>McGovern-Dole International Food for Education</b>	Donation of US agricultural commodities and financial and technical assistance to support school feeding and child nutrition projects	Ineffective; lack of oversight; implementation challenges; redundant with other programmes	US\$201 million
<b>The Asia Foundation</b>	Non-profit organisation committed to improving lives across Asia	No direct US oversight; not critical to US foreign policy; redundant	US\$17 million
<b>East-West Center</b>	Non-profit organisation that promotes better relations among the United States, Asia, and the Pacific	No direct US oversight; not critical to US foreign policy; redundant with other programme	US\$17 million

<b>UN Green Climate Fund and Global Climate Change programs</b>	UNFCCC fund allocates its resources to low-emission and climate-resilient projects and programmes in developing countries	Fulfil President's campaign pledge to cease payments to the UN's climate change programmes	US\$1.59 billion
<b>Global Agriculture and Food Security Programme (GAFSP)</b>	Multilateral mechanism to improve food and nutrition security in low-income countries by boosting agricultural productivity	Sufficient prior-year funding to fulfil the pledge to match other donors' contributions; redundant with other programmes	US\$43 million
<b>US African Development Foundation (USADF)</b>	Federally funded agency that supports African-led development projects in fragile areas	Priority of domestic needs over foreign assistance; not critical to US foreign policy; redundant	US\$22 million
<b>Inter-American Foundation (IAF)</b>	Federally funded agency that provides grants to alleviate poverty and to support democracy in Latin America and the Caribbean	Priority of domestic needs over foreign assistance; not critical to US foreign policy; redundant with other programmes	US\$17 million
<b>Overseas Private Investment Corporation (OPIC)</b>	Self-sustaining US agency that assists US businesses in investing in emerging markets; provides financing, political risk insurance	OPIC distorts the free market; private-sector financing is available	US\$22 million
<b>US Trade and Development Agency (USTDA)</b>	Provides grants to overseas project sponsors who select US companies to perform infrastructure projects in developing countries	USTDA's mission more appropriately served by the private sector; potentially distorting the free market	US\$48 million

### Stakeholder reactions

Stephane Dujarric, spokesperson for **United Nations** Secretary-General, Antonio Guterres, [said](#) it would be impossible for 'the UN to continue all of its essential work advancing peace, development, human rights, and humanitarian assistance around the world,' if President Trump's budget proposal passed in its current form. While Dujarric emphasised efforts to implement reforms to improve the financial efficiency of the UN, he cautioned that the UN needs resources to deliver on its mandates.

The **US Global Leadership Coalition** (USGLC), a network of over 500 businesses and NGOs, national security and foreign policy experts, [issued](#) a critical analysis of the President's preliminary budget proposal. USGLC [argues](#) in a separate statement that 'the danger of cutting one-third of our civilian forces at a time of such extreme global threats, famines of historic proportions, and a refugee crisis not seen since World War II is unimaginable'.

More than **120 retired three and four-star generals** [sent](#) a letter to the House and Senate leadership calling on Congress to 'ensure that resources for the International Affairs Budget keep pace with the growing global threats and opportunities we face'. The signatories highlighted that 'the State Department, USAID, Millennium Challenge Corporation, Peace Corps and other development agencies are critical to preventing conflict and reducing the need to put our men and women in uniform in harm's way'.

More than **100 Christian leaders** [wrote](#) to Congress to share their 'support for the International Affairs Budget that every day brings hope to poor, hungry, vulnerable and displaced men, women and children around the world'. The signatories emphasised that 'the International Affairs Budget is crucial to demonstrating our values to the world, building friendships with other nations, and lowering security risks around the world'.

### Think-tanks

The **Brookings Institution** [criticised](#) the President's FY2018 proposal to cut the International Affairs budget by 32 %, as a threat to undo decades of bipartisan congressional executive consensus on effective and accountable foreign assistance programmes.

An expert at **Heritage's Margaret Thatcher Center for Freedom** [argued](#) that budget reductions of this size will inevitably cause disruption. However, the author wrote, 'it would be wise to seize this opportunity to implement long-overdue reforms to modernise the State Department and foreign-assistance programs and confront looming budgetary constraints that threaten future funding for defence, diplomacy and foreign aid'.

### NGOs

**Amnesty International** harshly [criticised](#) the proposed budget. Executive Director, Margaret Huang, stated, 'The Trump administration's outright rejection of being a leader on human rights is shameful and will have global consequences'.

**Bread for the World, Catholic Relief Services, CARE USA, the International Rescue Committee, InterAction, Mercy Corps, ONE Campaign, Oxfam, PATH, Save the Children, and World Vision** released a [joint statement](#) opposing the White House's international affairs budget proposal. The statement set out the international ramifications of such budget cuts, and urged Congress to maintain current funding levels. In possibly their most critical remarks, the NGOs state that the proposed budget cuts would imperil 'millions of lives and the course of global development, stability, and partnership'.

### Main references

US Department of State, [Congressional Budget Justification. Department of State, Foreign Operations, and Related Programs. Fiscal Year 2018](#).

White House, Office of Management and Budget (OMB), [documents of President's Budget Fiscal Year 2018](#).

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