

Development Assistance and Economic Support Fund

INTERCONNECTION OF ACCOUNTS AND CARVE-OUTS

The majority of U.S. development assistance is appropriated in the State, Foreign Operations Appropriations Bill (SFOPs). Due to the flexibility necessary in implementing foreign assistance programs, SFOPs is a complex bill, even for seasoned professionals.

To provide U.S. development aid, Congress appropriates funds using multimillion- or billion-dollar accounts that encompass broad goals and authorities authorized in the Foreign Assistance Act of 1961. An appropriations “account” is the construct of the authorization, the Appropriations Committee’s intentions, and past precedent. Although each account has an overarching goal or purpose, the question of which accounts fund which activities is more a matter of practice.

In the bill and accompanying committee report, Congress directs specific funding levels for countries and priority programs such as Basic Education and Water, articulating how and what type of aid will be allocated and from what overarching account. However, not every country or program is mentioned by Congress, leaving many funding decisions to the Administration.

Programs may be funded from one large account or combined with funds from other accounts. For example, FY 2018 funding for democracy programs could comprise funds from five different accounts: Development Assistance (DA), Economic Support Fund (ESF), Democracy Fund, U.S. Assistance to Europe and Eurasia, and International Narcotics Control and Law Enforcement.

Within the SFOPs bill, funds for development activities and programs are provided primarily from two main accounts: DA and ESF. Combined, these accounts total approximately \$7 billion annually, making up about 13% of the total \$54 billion in the SFOPs bill. Approximately 20-25% more funds go to ESF than DA. For comparison, roughly 16% of the bill supports Security Assistance.

The purpose of development assistance is to help people in developing countries participate in equitable growth and influence decisions that shape their lives, with the goal of increasing their incomes and their access to public services which will enable them to lead lives of decency, dignity, and hope.¹ Whereas ESF helps countries meet short- and long- term political, economic, and security needs. ESF is more often used for programs developed jointly with the country’s government (e.g., the Ministry of Education). Because of the types of programs needed, DA focuses more on Africa. ESF is more commonly used to fund programs in South and Central Asia, Europe and Eurasia, and the Near East.

Development Assistance (22 U.S.C. 2151)

“Congress declares that a principal objective of the foreign policy of the United States is the encouragement and sustained support of the people of developing countries in their efforts to acquire the knowledge and resources essential to development and to build the economic, political, and social institutions which will improve the quality of their lives.”



DA and ESF

Another key difference is that DA is solely funded out of base resources, meaning that all DA funding is counted against the annual budget cap. Conversely, Congress appropriates both base and overseas contingency operations (OCO) resources for ESF. OCO funds are not counted against the cap yet tend to be restricted to activities that were unanticipated or temporary in nature. In reality, Congress uses OCO funding to supplement ESF because it is one of the larger accounts in the bill.

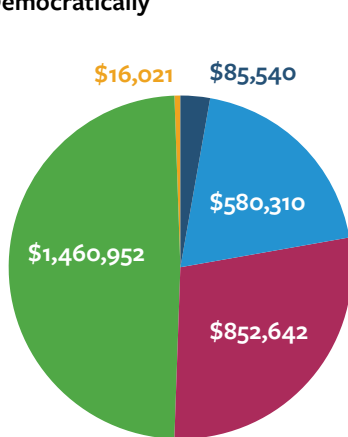
Congress appropriates a total base amount of DA and ESF in Title III. (If appropriated, an additional amount of OCO funding for ESF can usually be found in Title VIII.) Specific funding allocations by country and program are found in the General Provisions, Title VII. For example, in section 7060(f) of the FY 2018 Act, Congress appropriated “not less than \$30,000,000” ... “under the headings ‘Development Assistance,’ [and] ‘Economic Support Fund’ for Reconciliation Programs.”

BUDGET REQUEST

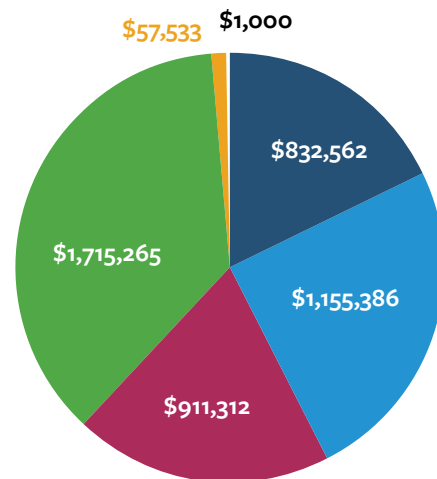
For the past two years, the Administration proposed to create a new account, the Economic Support and Development Fund (ESDF). Beginning in FY 2018, the President’s Budget eliminated several accounts including – ESF; DA; Democracy Fund; the Assistance for Europe, Eurasia, and Central Asia; and International Organizations and Programs – and consolidated those activities in the new ESDF. The Administration also proposed to include some contributions to multilateral institutions in the ESDF. The President’s Budget requested 36% less funding for the ESDF than the level enacted in FY 2018 for the combined accounts. Congress rejected the President’s proposal in FY 2018 and FY 2019 and will likely continue to maintain the separate accounts and funding levels.

THE FOLLOWING SECTION WILL PROVIDE AN OVERVIEW OF PROGRAMS AND ACCOUNTS THAT ARE FUNDED BY DA AND ESF.

Foreign Assistance by Objective FY 2017 Actual



Development Assistance
\$2,995,465.00



Economic Support Fund
\$4,673,058.00