



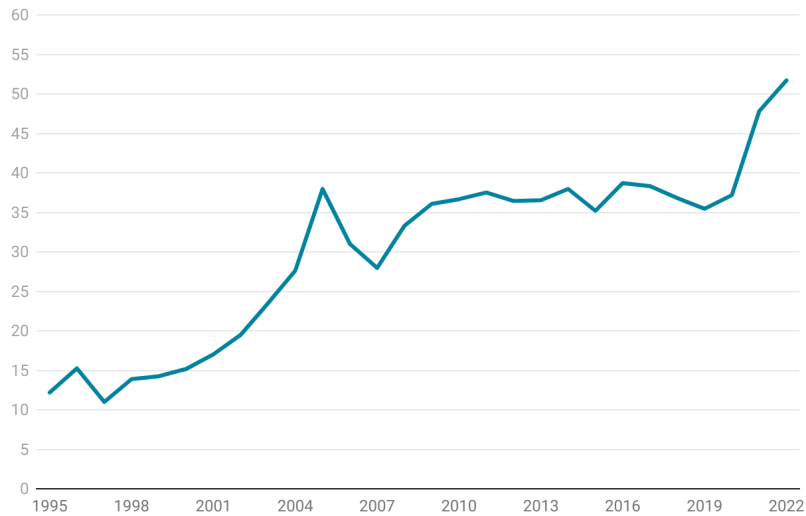
Crises, competition and Congress: Biden's 2024 aid budget

By Cameron Hill
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Against the backdrop of a confounding array of global crises, heightened competition with great power rivals and a divided legislature, the Biden administration has lodged its [budget request for fiscal year \(FY\) 2024](#) with the Congress. Development assistance comprises a significant proportion – almost two-thirds – of the overall international affairs budget request (US\$70.5 billion). This [assistance is described as](#) “one of the core pillars of American leadership and power ... [it] works in tandem with defense and diplomacy to advance our interests and values abroad”.

The US aid budget is [channelled through over 20 specialised government agencies](#), with the majority (78% in 2020) delivered through the US Agency for International Development (USAID) and the State Department. Including multiple supplementary appropriations for COVID-19 support, emergency assistance for Afghanistan and direct budget support and humanitarian aid for Ukraine over the last several years, US funding for development has increased substantially under President Biden, reaching over US\$50 billion last year (Figure 1).

Figure 1: US official development assistance (US\$ billions, 2021 prices)



ODA data on a net flow basis for 1995-2017; from 2018 on a grant equivalent basis.
Source: OECD Development Assistance Committee Creditor Reporting System • Created with Datawrapper

Biden’s bid for FY2024 is seeking a 16% year-on-year real increase in aid across USAID and the State Department’s standard development budget lines. Depending on the level of additional aid appropriated for Ukraine this year and next (discussed below), this could bring total US development spending up to more than US\$60 billion in FY2023 and FY2024.

China looms large in the FY2024 proposal: US\$11 billion in requested spending is designed to “out compete” Beijing in the Pacific compact states (the Federated States of Micronesia, Marshall Islands and Palau), across the wider Indo-Pacific region and via global infrastructure and private development finance. These [initiatives are presented as](#) “allow[ing] the US to focus on new and critical investments to counter predatory PRC financing by offering countries a positive alternative, which will simultaneously expand markets and opportunities for US businesses”.

If passed by Congress, these increases would entail a significant expansion of the US development footprint in the Indo-Pacific region. US bilateral assistance to Papua New Guinea would grow by almost 200% from 2022 levels (the latest available figures), Pacific Islands regional programs would expand by almost 60%, and aid to Indonesia, Vietnam and Timor-Leste would also increase in real terms. The additional PNG funding will presumably be partly used to implement the US [new, whole-of-government approach to fragile states](#), an approach which is also being rolled out in Libya, Haiti, Mozambique and coastal West Africa. Across the wider region, the State Department’s East Asia and Pacific regional program would grow from just US\$8 million to almost US\$100 million, adjusted for inflation

(Figure 2).

Figure 2: Selected USAID and State Department East Asia and Pacific programs, actual (FY2022) and requested (FY2024) (US\$ millions, 2023 prices)



*Drawn from actual and proposed allocations for development assistance and Economic Support Fund funding. 2023 prices based on Congressional Budget Office forecasts.
Source: Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs, Fiscal Year 2024, Account Tables, pp. 181-221. • Created with Datawrapper*

It is important to note, however, that these allocations are dwarfed by the continued US focus on fragile and conflict-affected countries in Africa, the Middle East and, since last year, Europe. For example, even after a proposed 14% cut, the FY2024 request for the Economic Support Fund in Jordan alone still totals over US\$1 billion. And the US has committed some [US\\$30 billion in economic and humanitarian aid to Ukraine](#) and its neighbours since Russia's invasion. As the war drags on, this is likely to increase.

On the sectoral front, President Biden has pledged to direct US\$11.4 billion annually towards international climate finance by 2024. This [target is looking increasingly out of reach](#) given that only around US\$1 billion was appropriated through the State Department and USAID in FY2023 (although additional discretionary spending may be categorised as climate-related in future reporting). In FY2024, the administration is again seeking US\$1.6 billion for the Green Climate Fund after failing to secure this funding through Congress in FY2023. Global health will, however, reach almost US\$11 billion under the proposed bid. Programs to empower women and girls total US\$3 billion, "the largest ever foreign assistance investment for gender equality".

Reform of USAID has also been a focus. The agency will create a [new Office of the Chief Economist](#) that will "focus on expanding and enhancing USAID's use of economic methods, perspectives, and evidence in program design and decision-making". And the Biden

administration is seeking US\$2 billion in new equity investments for the US International Development Finance Corporation “as part of the broad ‘Out-Compete China Initiative’ to provide the agency with additional resources to support a viable alternative to strategic competitors’ investments”.

As ever, the Congress is a key player. With Republicans now holding a slender majority in the House, some of the more “Trumpist” elements of the party are [reportedly seeking a 45% cut](#) in foreign aid. While this is unlikely to happen, the [development budget has come under increased scrutiny](#) from House Republicans, who have called for more oversight of assistance to Ukraine, questioned multilateral and climate aid, and argued against funding for “woke programs”, including LGBTQI rights. Pushing back against cuts to programs in areas like HIV/AIDS, Secretary of State Andrew Blinken has claimed that such cuts “would have geopolitical consequences, not just global health consequences”. And House Democrats have highlighted the importance of the [US making good on its Pacific aid pledges](#) if it is to compete against China in the region.

The November 2024 presidential and congressional elections make the outlook for US development funding beyond next year even less certain. The two frontrunners for the Republican presidential nomination, Donald Trump and Florida Governor Ron DeSantis, are both hawks when it comes to China but are also highly unsympathetic to foreign aid. [Trump’s negative views of aid](#) are well known. In relation to Governor DeSantis, the *New York Times* [recently reported that](#) “[his] former House colleagues could not recall him ever worrying about whether girls got an education in Afghanistan or whether democracy could be spread throughout sub-Saharan Africa. Instead, they recall him expressing a hard-nosed and narrow view of the American national interest.”

The [US is the world’s largest donor by volume](#), providing more than a quarter of global ODA in 2022. While America’s aid generosity – ODA as a proportion of gross national income – has typically been very low, in dollar terms the US remains a major provider of development finance and global public goods in areas like international public health, multilateral funding and humanitarian aid. Increases and decreases in US development funding have significant implications globally, including in the Indo-Pacific. This is why officials from other donors, including Australia, will be closely watching the discussions on aid in Washington DC over the rest of this year and into 2024.

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