

UNITED STATES

Development challenges as investment and business opportunities: The United States' policy and practices

The United States government has sharpened the focus of development assistance to achieve sustainable and transformational development outcomes by leveraging increased private capital flows; diversifying private sector and non-governmental partners; and investing more in science, technology and innovation.

The Partnership for Growth between the United States and a select group of countries engages host-country governments, the private sector and civil society organisations to unlock foreign and domestic resources for development. Its work includes joint analysis of constraints to growth, developing joint action plans, and monitoring progress and implementation of reforms.

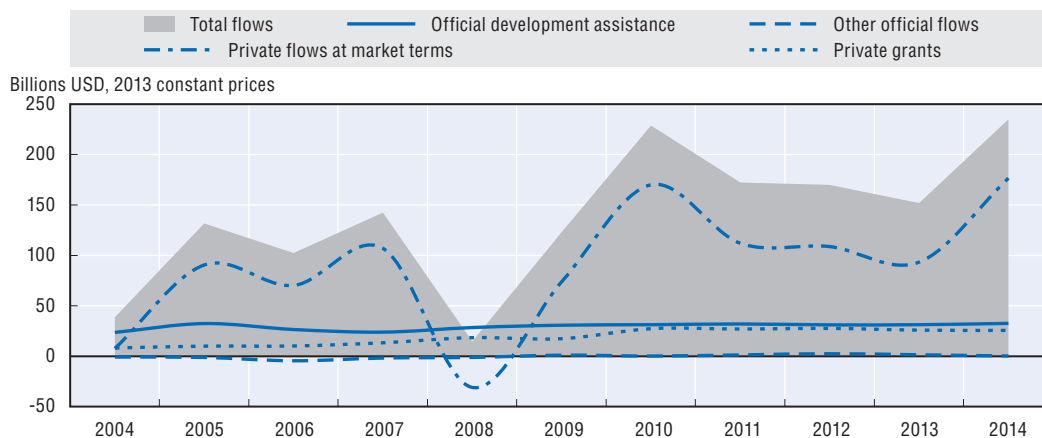
USAID has strengthened its Development Credit Authority, which uses loan guarantees to unlock larger sources of local capital. It is also placing greater emphasis on innovation through a series of Grand Challenges for Development and its Development Innovation Ventures Fund. Other initiatives include Power Africa, the US Global Development Lab and the Office of Private Capital and Microenterprise, the New Alliance for Food Security and Nutrition, and the US-Africa Trade and Investment Hubs.

The United States Overseas Private Investment Corporation (OPIC) mobilises and facilitates the participation of US private capital and skills in the economic and social development of developing countries. Its core products are loans, guarantees and insurance.

According to the 2015 DAC Survey on Mobilisation (Benn et al., 2016), the United States mobilised USD 10 billion from the private sector through guarantees in 2012-14. OPIC, the national development finance institution, was the most active institution in this area.

Financial flows from the United States to developing countries

Figure 37.1. Net resource flows to developing countries, 2004-14, United States



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The United States uses ODA to mobilise other resources for sustainable development

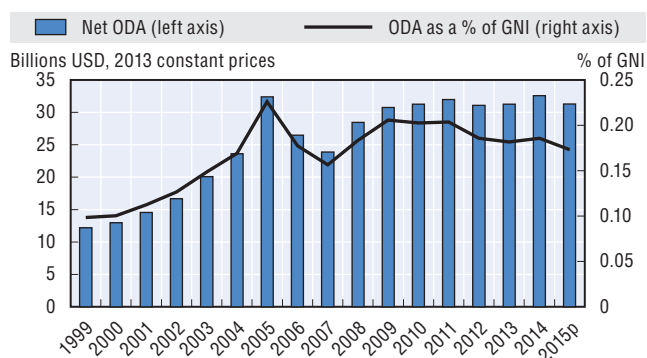
- **The United States contributes to the mobilisation of domestic resources in developing countries by supporting their tax systems.** In 2014, it is estimated that the United States committed about USD 20.4 million of its ODA to tax-related activities in partner countries.
- **It promotes aid for trade to improve developing countries' trade performance and integration into the world economy.** It committed USD 2.9 billion (11.5% of its bilateral allocable ODA) to trade-related activities in 2014, a 24% decrease in real terms from 2013. The trend has been fluctuating in recent years.
- **The United States has pledged USD 3 billion to the Green Climate Fund,** which plays a key role in channelling resources to developing countries and catalysing climate finance at the international and national levels. In 2015/16, the United States will also contribute USD 51.2 million to the Least Developed Countries Fund, which addresses urgent and immediate adaptation needs and supports national adaptation planning processes to reduce medium and long-term vulnerability to the impacts of climate change.

The United States' official development assistance

In 2015, the United States provided USD 31.1 billion in net ODA (preliminary data), which represented 0.17% of gross national income (GNI) and a 7% decrease in real terms from 2014. It is the 20th largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, and the largest by volume. The United States' share of untied ODA (excluding administrative costs and in-donor refugee costs) was 63.2% in 2014 (down from 64.5% in 2013), while the DAC average was 80.6%. The grant element of total ODA was 100% in 2014.

The United States reported USD 1.2 billion of its in-donor refugee costs as ODA in 2014. These costs represented 3.8% of its total net ODA.

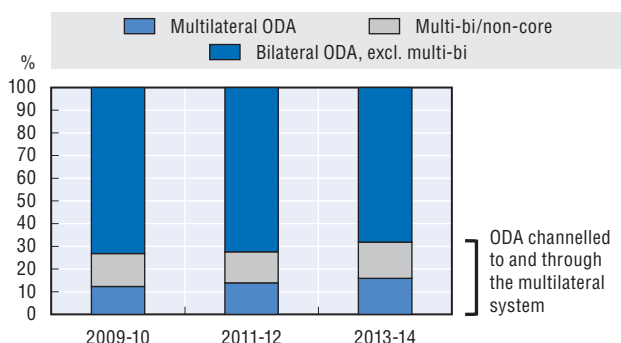
Figure 37.2. Net ODA: Trends in volume and as a share of GNI, 1999-2015, United States



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In 2014, 83.5% of ODA was provided bilaterally. The United States allocated 16.5% of total ODA as core contributions to multilateral organisations, compared with the DAC country average of 28.3%. In addition, it channelled 21.2% of its bilateral ODA to specific projects implemented by multilateral organisations (multi-bi/non-core contributions).

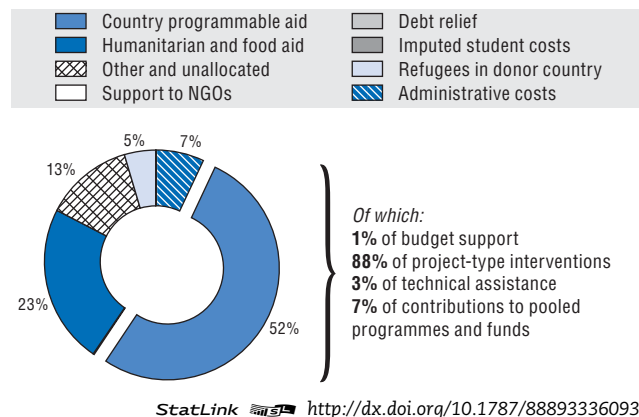
Figure 37.3. Share of ODA channelled to and through the multilateral system, two year averages, gross disbursements, United States



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In 2014, 52.4% of bilateral ODA was programmed at partner country level. The share of country programmable aid (CPA) was in line with the DAC country average (52.9%). Twenty-three per cent of bilateral ODA was allocated to humanitarian and food aid. Project-type interventions amounted to 88% of CPA.

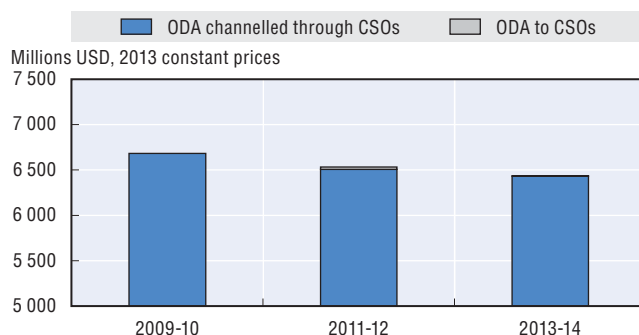
Figure 37.4. Composition of bilateral ODA, 2014, gross disbursements, United States



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In 2014, USD 6.7 billion of bilateral ODA was channelled to and through civil society organisations (CSOs). ODA channelled to and through CSOs has remained relatively stable in recent years in volume (with a 4.2% increase between 2013 and 2014, after an important decrease in 2012), and as a share of bilateral aid (it was 23.6% in 2014). This share was higher than the 2014 DAC average of 17.4%.

Figure 37.5. Bilateral ODA to and through CSOs, two year averages, gross disbursements, United States

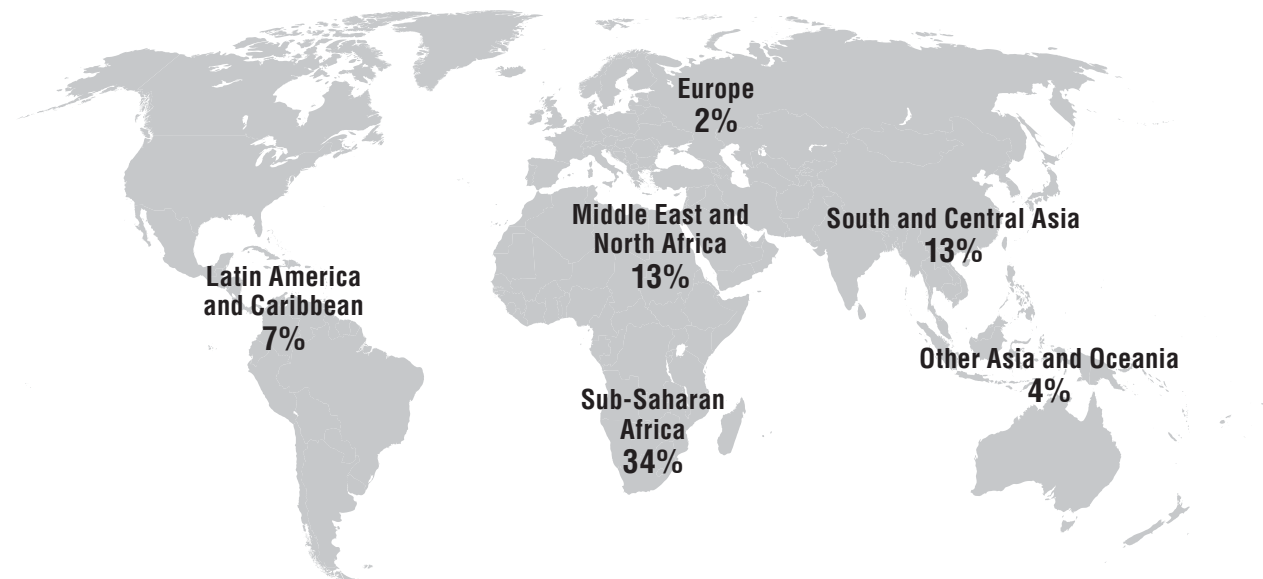


Note: Data on ODA to CSOs are only available for 2012.

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The largest share of bilateral ODA was directed to sub-Saharan Africa. In 2014, USD 9.5 billion was allocated to sub-Saharan Africa, USD 3.7 billion to south and central Asia, and USD 3 billion to the Middle East.

Figure 37.6. Share of bilateral ODA by region, 2013-14 average, gross disbursements, United States

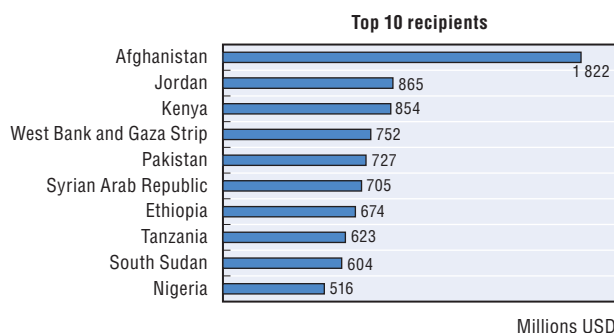
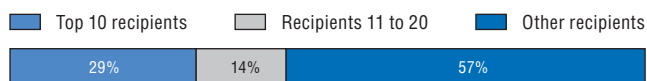


Note: 28% of bilateral ODA allocated was unspecified by region in 2013-14. This share is not represented on the map.

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In 2014, 29.7% of bilateral ODA went to the United States' top 10 recipients. It has 136 partner countries and has slightly sharpened its geographic focus in recent years. Its support to fragile states reached USD 11 billion in 2014 (38.7% of gross bilateral ODA).

Figure 37.7. Bilateral ODA to top recipients, 2013-14, gross disbursements, United States

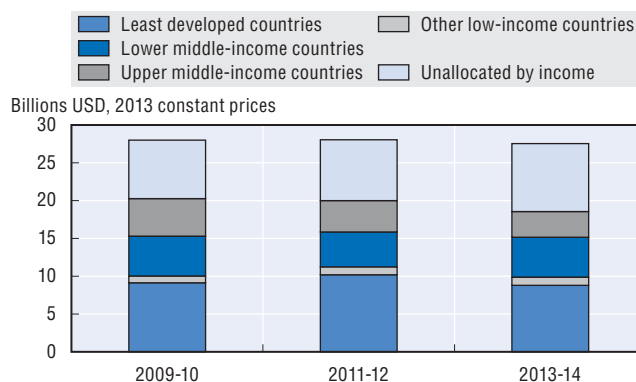


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In 2014, 30.9% of bilateral ODA was allocated to LDCs, amounting to USD 8.7 billion. This share has been slightly decreasing in recent years, but is higher than the 2014 DAC average of 25.6%. LDCs received the highest share of bilateral ODA in 2014, compared with other income groups.

At 0.06% of GNI in 2014, total ODA to LDCs was lower than the UN target of 0.15% of GNI.

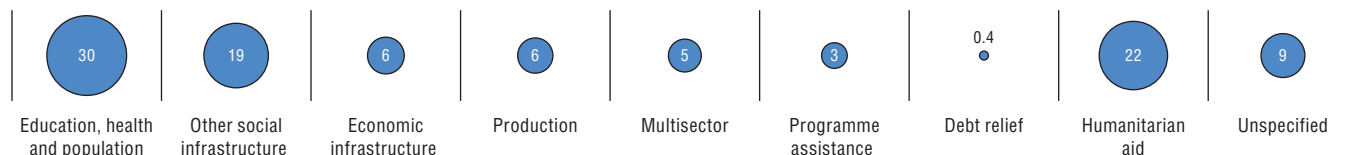
Figure 37.8. Bilateral ODA by income group, two year averages, gross disbursements, United States



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In 2014, 48.2% of bilateral ODA was allocated to social infrastructure and services, totalling USD 13.7 billion, with a strong focus on population policies and programmes (USD 5.5 billion), and support to government and civil society (USD 4.5 billion). Humanitarian aid amounted to USD 7 billion.

Figure 37.9. Share of bilateral ODA by sector, 2013-14 average, commitments, United States

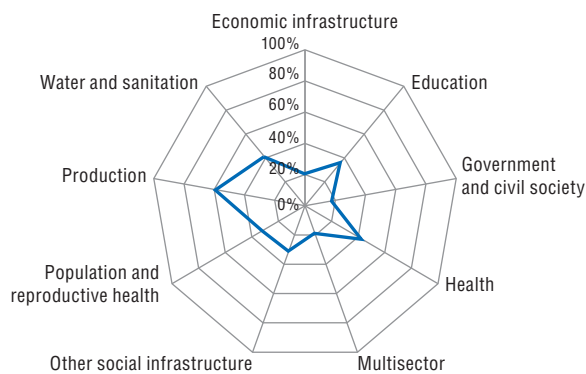


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USD 5.8 billion of bilateral ODA supported gender equality.

In 2014, 22.6% of the United States’ bilateral allocable aid had gender equality and women’s empowerment as a principal or significant objective, compared with the DAC country average of 34.7%. This is up from 20.6% in 2013. Backed by strong political support, the United States has renewed its efforts to integrate gender equality and women’s empowerment. USAID’s new Policy on Gender Equality and Female Empowerment focuses on integrating gender into all USAID programming. Gender has also been mainstreamed in recent presidential initiatives on food security and health.

Figure 37.10. Share of bilateral allocable ODA in support of gender equality by sector, 2014, commitments, United States

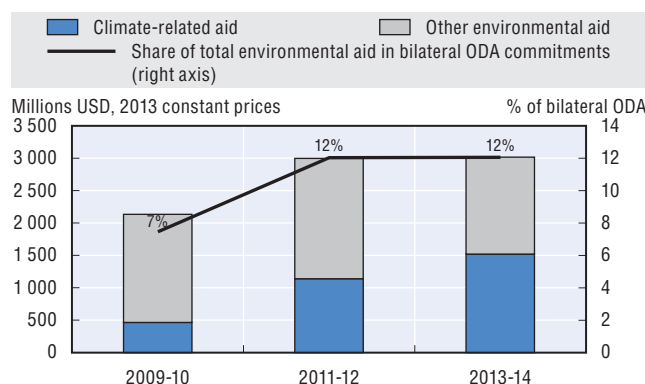


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USD 2.7 billion of bilateral ODA supported the environment in 2014.

The United States’ environment and climate change assistance aims to help countries grow without harming the environment. It does so by promoting low-emission, climate-resilient development strategies, including clean energy development and community-based natural resource management that protect biodiversity and fight deforestation. In 2014, 10.4% of its bilateral allocable aid supported the environment and 4.8% (USD 1.2 billion) focused specifically on climate change, compared with the respective DAC country averages of 32.2% and 23.9%. The United States has developed a new data-screening process to significantly improve reporting on environment and Rio markers.

Figure 37.11. Bilateral allocable ODA in support of global and local environment objectives, two year averages, commitments, United States



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Note to reader: Annex B provides “Methodological notes on definitions and measurement for the Profiles of Development Assistance Committee members”.



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