

# The unintended consequences of the MCP on foreign aid for family planning

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## KEY FINDINGS

- Sub-Saharan Africa receives 48 per cent more family planning aid than other regions.
- Countries with high fertility rates and large populations tend to receive more family planning aid
- The USA's Mexico City Policy (MCP) reduces total foreign aid to family planning by 3-6 per cent per year globally when implemented.

There is an increasing awareness that providing women with the possibility to plan, prevent, and terminate pregnancies is an important component of poverty alleviation and economic development efforts. Despite this, family planning needs remain unmet in many developing economies, especially in sub-Saharan Africa. Further exacerbating the paucity of donor funds, restrictive foreign policy decisions in the USA, the largest donor both in general and in terms of family planning initiatives, periodically limits the amount of aid earmarked for such programmes in accordance to the ideology of the party in power due to the MCP.

### The MCP: background and context

The MCP is a contentious piece of legislation. Adopted during the International Conference on Population in Mexico City in 1984 by the Reagan administration, the MCP placed restrictions on the provision of family planning aid to NGOs, specifically directing USAID to withhold funds from international NGOs that provide abortion-related services. Since 1984, the policy has been enacted and overturned several times. It was first in place from 1984 until the end of the George H. W. Bush administration before being overturned in 1993 by President Clinton; the policy was then reinstated in 2001 by President George W. Bush before being rescinded once again in 2009 under the newly-elected Obama administration.

### The effects of MCP funds for family planning

Theoretically the implementation of the MCP should not impact US family planning aid or overall family planning aid to developing countries for two reasons. First, the policy pertains to NGOs that perform or promote abortion as a method of family planning; so aid could instead be reallocated to anti-abortion NGOs or to governments when the MCP is in effect. Second, even if family planning aid from the USA decreases as a result of the MCP, other donors could make up the difference. This fickle US foreign policy should consequently not affect

overall family planning funds, but an assessment of the actual effect of the restrictions has not been conducted previously.

By looking at the panel data on family planning—fertility rates, population, total foreign aid from 151 less developed countries over the period 1988-2010—it is possible to empirically assess the impact of the MCP on family planning allocations. It seems clear that the MCP has had a negative effect on family planning aid. All else being equal when the MCP is enacted family planning aid is reduced by between 3-6 per cent annually.

The findings of this assessment have important policy implications. Family planning is an important ingredient of women's empowerment and wellbeing and a contributor to socioeconomic development. The objective of the MCP is to restrict US aid to NGOs that offer abortion-related services, not to reduce overall aid for family planning. The resultant reduction in family planning aid is therefore an unintended consequence of the policy.

What can therefore be done when the MCP is in place so that population-related development efforts do not suffer a setback? Several remedial actions could be considered.

1. The USA could disburse aid directly to local health ministries to allow them to increase allocations for family planning in their budgets.
2. Aid to NGOs that do not comply with MCP requirements could be reallocated to NGOs that do.
3. Other donors could scale up their aid packages to compensate for MCP-related possible curtailments of US aid funds. This would ensure that the stated international development agenda on population, gender equality and poverty reduction is not derailed or undermined.

## IMPLICATIONS

- Remedial actions must be considered for periods when the MCP is in place so family planning funds are not reduced.
- The USA should allocate aid money to local governments and NGOs in compliance with the MCP service restrictions and not completely divert money from family planning at any time.
- Other donors could scale up their family planning efforts to counteract the impact the MCP has on US aid allocation.

*This Research Brief is based on WIDER Working Paper 2013/118 'Determinants of foreign aid in family planning: How relevant is the Mexico City Policy?' by Elizabeth Asiedu, Malokele Nanivazo, and Mwanza Nkusu.*

