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Foreign Aid: An Introduction to U.S. Programs and Policy

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SUMMARY

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Foreign Aid: An Introduction to U.S. Programs and Policy

Foreign assistance is the largest component of the international affairs budget and is viewed by many as an essential instrument of U.S. foreign policy. On the basis of national security, commercial, and humanitarian rationales, U.S. assistance flows through many federal agencies and supports myriad objectives. These include promoting economic growth, reducing poverty, improving governance, expanding access to health care and education, promoting stability in conflict regions, countering terrorism, promoting human rights, strengthening allies, and curbing illicit drug production and trafficking. Since the terrorist attacks of September 11, 2001, foreign aid has increasingly been associated with national security policy. At the same time, many Americans and some Members of Congress view foreign aid as an expense that the United States cannot afford given current budget deficits.

In FY2017, U.S. foreign assistance, defined broadly, totaled an estimated $49.87 billion, or 1.2% of total federal budget authority. About 44% of this assistance was for bilateral economic development programs, including political/strategic economic assistance; 35% for military aid and nonmilitary security assistance; 18% for humanitarian activities; and 4% to support the work of multilateral institutions. Assistance can take the form of cash transfers, equipment and commodities, infrastructure, or technical assistance, and, in recent decades, is provided almost exclusively on a grant rather than loan basis. Most U.S. aid is implemented by nongovernmental organizations rather than foreign governments. The United States is the largest foreign aid donor in the world, accounting for about 24% of total official development assistance from major donor governments in 2017 (the latest year for which these data are available).

Key foreign assistance trends in the past decade include growth in development aid, particularly global health programs; increased security assistance directed toward U.S. allies in the anti-terrorism effort; and high levels of humanitarian assistance to address a range of crises. Adjusted for inflation, annual foreign assistance funding over the past decade was the highest it has been since the Marshall Plan in the years immediately following World War II. In FY2017, Afghanistan, Iraq, Israel, Jordan, and Egypt received the largest amounts of U.S. aid, reflecting long-standing aid commitments to Israel and Egypt, the strategic significance of Afghanistan and Iraq, and the strategic and humanitarian importance of Jordan as the crisis in neighboring Syria continues. The Near East region received 27% of aid allocated by country or region in FY2017, followed by Africa, at 25%, and South and Central Asia, at 15%. This was a significant shift from a decade prior, when Africa received 19% of aid and the Near East 34%, reflecting significant increases in HIV/AIDS-related programs concentrated in Africa between FY2007 and FY2017 and the drawdown of U.S. military forces in Iraq and Afghanistan. Military assistance to Iraq began to decline starting in FY2011, but growing concern about the Islamic State in Iraq and Syria (ISIS) has reversed this trend.

This report provides an overview of the U.S. foreign assistance program by answering frequently asked questions on the subject. It is intended to provide a broad view of foreign assistance over time, and will be updated periodically. For more current information on foreign aid funding levels, see CRS Report R45168, *Department of State, Foreign Operations and Related Programs: FY2019 Budget and Appropriations*, by Susan B. Epstein, Marian L. Lawson, and Cory R. Gill.

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Foreign Aid: An Introduction to U.S. Programs and Policy

U.S. foreign aid is the largest component of the international affairs budget, for decades viewed by many as an essential instrument of U.S. foreign policy.[1] Each year, the foreign aid budget is the subject of congressional debate over the size, composition, and purpose of the program. The focus of U.S. foreign aid policy has been transformed since the terrorist attacks of September 11, 2001. Global development, a major objective of foreign aid, has been cited as a third pillar of U.S. national security, along with defense and diplomacy, in the national security strategies of the George W. Bush and Barack Obama Administrations. Although the Trump Administration's National Security Strategy does not explicitly address the status of development vis-à-vis diplomacy and defense, it does note the historic importance of aid in achieving foreign policy goals and supporting U.S. national interests.[2]

This report addresses a number of the more frequently asked questions regarding the U.S. foreign aid program; its objectives, costs, and organization; the role of Congress; and how it compares to those of other aid donors. It attempts not only to present a current snapshot of American foreign assistance, but also to illustrate the extent to which this instrument of U.S. foreign policy has evolved over time.

Data presented in the report are the most current, consistent, and reliable figures available, generally updated through FY2017. Dollar amounts come from a variety of sources, including the U.S. Agency for International Development (USAID) Foreign Aid Explorer database (Explorer) and annual State, Foreign Operations, and Related Programs (SFOPS) appropriations acts. As new data are obtained or additional issues and questions arise, the report will be revised.

Foreign aid abbreviations used in this report are listed in **Appendix B**.

How Is "U.S. Foreign Aid" Defined and Counted?

In its broadest sense, U.S. foreign aid is defined under the Foreign Assistance Act of 1961 (FAA), the primary legislative basis of foreign aid programs, as

> any tangible or intangible item provided by the United States Government [including "by means of gift, loan, sale, credit, or guaranty"] to a foreign country or international organization under this or any other Act, including but not limited to any training, service, or technical advice, any item of real, personal, or mixed property, any agricultural commodity, United States dollars, and any currencies of any foreign country which are owned by the United States Government.... (§634(b))

[1] Other tools of U.S. foreign policy are the U.S. defense establishment, the diplomatic corps, public diplomacy, and trade policy. American defense capabilities, even if not employed, stand as a potential stick that can be wielded to obtain specific objectives. The State Department diplomatic corps are the eyes, ears, and often the negotiating voice of the U.S. government abroad. Public diplomacy programs, such as the Fulbright program and Voice of America, project an image of the United States that may influence foreign views positively. U.S. trade policy — through free trade agreements and Export-Import Bank credits, for example — may directly affect the economies of other nations. Foreign aid is a particularly flexible tool — it can act as both carrot and stick, and is a means of influencing events, solving specific problems, and projecting U.S. values.

[2] *U.S. National Security Strategy 2002 (Bush), 2006 (Bush), 2010 (Obama), 2015 (Obama), and 2017 (Trump)* are available at http://nssarchive.us/.

For many decades, nearly all assistance annually requested by the executive branch and debated and authorized by Congress was ultimately encompassed in the foreign operations appropriations[3] and the international food aid title of the agriculture appropriations. In the U.S. federal budget, these traditional foreign aid accounts have been subsumed under the 150 (international affairs) budget function.

By the 1990s, however, it became increasingly apparent that the scope of U.S. foreign aid was not fully accounted for by the total of the foreign operations and international food aid appropriations. Many U.S. departments and agencies had adopted their own assistance programs, funded out of their own budgets and commonly in the form of professional exchanges with counterpart agencies abroad—the Environmental Protection Agency, for example, providing water quality expertise to other governments. These aid efforts, conducted outside the purview of the traditional foreign aid authorizing and appropriations committees, grew more substantial and varied in the mid-1990s. The Department of Defense (DOD) Nunn-Lugar effort provided billions in aid to secure and eliminate nuclear and other weapons, as did Department of Energy activities to control and protect nuclear materials—both aimed largely at the former Soviet Union. Growing participation by DOD in health and humanitarian efforts and expansion of health programs in developing countries by the National Institutes of Health and Centers for Disease Control and Prevention, especially in response to the HIV/AIDS epidemic, followed.

During the past 15 years, DOD-funded and implemented aid programs in Iraq and Afghanistan to train and equip foreign forces and win hearts and minds through development efforts were often considerably larger than the traditional military and development assistance programs provided under the foreign operations appropriations. The recent decline in DOD activities in these countries has sharply decreased nontraditional aid funding. In FY2011, nontraditional sources of assistance, at $17.3 billion, represented 35% of total aid obligations. By FY2017, nontraditional aid, at $9.7 billion, represented 19% of total aid, still a significant proportion.

While the executive branch has continued to request and Congress to debate most foreign aid within the parameters of the foreign operations legislation, both entities have sought to ascertain a fuller picture of assistance programs through improved data collection and reporting. Significant discrepancies remain between data available for traditional versus nontraditional types of aid and, therefore, the level of analysis applied to each. (See **text box**, "A Note on Numbers and Sources," below.) Nevertheless, to the extent possible, this report tries to capture the broadest definition of aid throughout.

[3] Congress currently appropriates most foreign affairs funding through the annual SFOPS appropriations bill. Prior to FY2008, Congress provided funding for the Department of State, international broadcasting, and related programs within the Commerce, Justice, State, the Judiciary, and Related Agencies appropriations and separately appropriated funding for the U.S. Agency for International Development (USAID) and foreign aid within the Foreign Operations, Export Financing, and Related Programs appropriations. For more information, see CRS Report R44637, *Department of State and Foreign Operations Appropriations: History of Legislation and Funding in Brief*, by Emily M. Morgenstern.

A Note on Numbers and Sources

Previous versions of this report presented numeric measures of foreign assistance from a variety of sources, including the Budget of the United States' historical tables, USAID's Foreign Aid Explorer database (Explorer), the State Department's ForeignAssistance.gov website, and the Organization for Economic Cooperation and Development's (OECD) Official Development Assistance (ODA) website. Different sources are necessary for comprehensive analysis, but can often lead to inconsistencies from table to table or chart to chart.

This report uses data from only two of these sources. This reflects both an effort to ensure consistency in calculations, as well as improved coordination and consolidation of data between the State Department and USAID as a result of the Foreign Aid Transparency and Accountability Act of 2016 (P.L. 114-191).

In using only two sources, there is less variation in data, but differences remain with respect to definitions of foreign assistance used by different sources, including:

- **USAID Explorer** uses a broad definition of foreign aid, which includes reporting from 30 agencies, including the Departments of Defense, Energy, Health and Human Services and other U.S. agency accounts not previously classified as foreign assistance.[4] Stretching back to 1946, with program sector breakdowns from 2001 forward, this is currently the most comprehensive source of U.S. foreign aid data.
- **Official Development Assistance (ODA)**, reported by the Organization for Economic Cooperation and Development (OECD), differs primarily because it excludes all military assistance and aid to developed countries.

Apparent discrepancies also arise due to funding being recorded at different points in the process. Explorer reports funds *obligated* and *disbursed* by fiscal year. ODA figures, however, are reported by calendar year rather than fiscal year.

For the purposes of this report, CRS primarily uses the FAA definition of aid, as reported in Explorer in the form of obligations. ODA data are only used in the section comparing U.S. assistance levels to those of other donor countries.

For more recent data on foreign aid funded through the SFOPS appropriation—including FY2019 enacted funding—see CRS Report R45168, *Department of State, Foreign Operations and Related Programs: FY2019 Budget and Appropriations*, by Susan B. Epstein, Marian L. Lawson, and Cory R. Gill.

Foreign Aid Purposes and Priorities

What Are the Rationales and Objectives of U.S. Foreign Assistance?

Foreign assistance is predicated on several rationales and supports a great many objectives. The importance and emphasis of various rationales and objectives have changed over time.

Rationales for Foreign Aid

Throughout the past 70 years, there have been three key rationales for foreign assistance

- **National Security** has been the predominant theme of U.S. assistance programs. From rebuilding Europe after World War II under the Marshall Plan (1948-1951) and through the Cold War, U.S. aid programs were viewed by policymakers as a way to prevent the incursion of communist influence and secure U.S. base rights or other support in the anti-Soviet struggle. After the Cold War ended, the focus of foreign aid shifted from global anti-communism to disparate regional issues, such as Middle East peace initiatives, the transition to democracy of eastern Europe and republics of the former Soviet Union, and international illicit drug production and trafficking in the Andes. Without an overarching security

[4] Greenbook data, now available as part of USAID Explorer (https://explorer.usaid.gov), provides aid obligation data by broad accounts from 1946 to 2013 and program sector breakdowns from 2001 to 2013.

rationale, foreign aid budgets decreased in the 1990s. However, since the September 11, 2001, terrorist attacks in the United States, policymakers frequently have cast foreign assistance as a tool in U.S. counterterrorism strategy, increasing aid to partner states in counterterrorism efforts and funding the substantial reconstruction programs in Afghanistan and Iraq. As noted, global development has been featured as a key element in U.S. national security strategy in both Bush and Obama Administration policy statements.

- **Commercial Interests.** Foreign assistance has long been defended as a way to either promote U.S. exports by creating new customers for U.S. products or by improving the global economic environment in which U.S. companies compete.
- **Humanitarian Concerns.** Humanitarian concerns drive both short-term assistance in response to crisis and disaster as well as long-term development assistance aimed at reducing poverty, hunger, and other forms of human suffering brought on by more systemic problems. Providing assistance for humanitarian reasons has generally been the aid rationale most broadly supported by the American public and policymakers alike.

Objectives of Foreign Aid

The objectives of aid generally fit within these rationales. Aid objectives include 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 conflictive regions, protecting human rights, promoting trade, curbing weapons proliferation, strengthening allies, and addressing drug production and trafficking. The expectation has been that, by meeting these and other aid objectives, the United States will achieve its national security goals as well as ensure a positive global economic environment for American products, and demonstrate benevolent and respectable global leadership.

Different types of foreign aid typically support different objectives. But there is also considerable overlap among categories of aid. Multilateral aid serves many of the same objectives as bilateral development assistance, although through different channels. Military assistance, economic security aid—including rule of law and police training—and development assistance programs may support the same U.S. political objectives in the Middle East, Afghanistan, and Pakistan. Military assistance and alternative development programs are integrated elements of American counternarcotics efforts in Latin America and elsewhere.

Depending on how they are designed, individual assistance projects can also serve multiple purposes. A health project ostensibly directed at alleviating the effects of HIV/AIDS by feeding orphan children may also stimulate grassroots democracy and civil society through support of indigenous NGOs while additionally meeting U.S. humanitarian objectives. Microcredit programs that support small business development may help develop local economies while at the same time enabling client entrepreneurs to provide food and education to their children. Water and sanitation improvements both mitigate health threats and stimulate economic growth by saving time previously devoted to water collection, raising school attendance for girls, and facilitating tourism, among other effects.

In 2006, in an effort to rationalize the assistance program more clearly, the State Department developed a framework that organizes U.S. foreign aid around five strategic objectives, each of which includes a number of program elements, also known as sectors. The five objectives are Peace and Security; Investing in People; Governing Justly and Democratically; Economic Growth; and Humanitarian Assistance. Generally, these objectives and their sectors do not

correspond to any one particular budget account in appropriations bills.[5] Annually, the Department of State and USAID develop their foreign operations budget request within this framework, allowing for an objective and program-oriented viewpoint for those who seek it. An effort by the State Department to obtain reporting from all departments and agencies of the U.S. government on aid levels categorized by objective and sector is ongoing.[6] USAID's Explorer website (explorer.usaid.gov) currently provides a more complete picture from all parts of the U.S. government (see **Table 1**).

Table 1. Foreign Assistance from All Sources, by Objective and Program Area: FY2017

(obligations in millions of current U.S. $)

Aid Objectives and Program Areas	FY2017	Aid Objectives and Program Areas	FY2017
Peace and Security	**16,916.9**	**Investing in People**	**11,287.50**
Counterterrorism	473.27	Health	10,013.97
Combating Weapons of Mass Destruction	383.25	Education	1,031.59
Stabilization/Security Sector Reform	12,239.44	Social Services/Protection of Vulnerable	241.94
Counternarcotics	411.89		
Transnational Crime	73.60	**Governing Justly & Democratically**	**2,831.50**
Conflict Mitigation	302.09	Rule of Law & Human Rights	1,591.02
Peace and Security - General	3,033.36	Good Governance	751.68
		Political Competition	146.38
Promoting Economic Growth	**4,633.89**	Civil Society	328.16
Macroeconomic Growth	465.38	Democracy and Governance - General	14.25
Trade & Investment	115.85		
Financial Sector	86.72	**Humanitarian Assistance**	**8,661.94**
Infrastructure	706.20	Protection, Assistance & Solutions	8,322.71
Agriculture	1,196.91	Disaster Readiness	189.80
Private Sector Competitiveness	424.92	Migration Management	149.43
Economic Opportunity	69.70		
Environment	1,451.71	**Program Management**	**3,423.69**
Labor, Mining, General Economic Growth	116.48	**Multi-Sector**	**2,184.35**

Source: USAID Explorer and CRS calculations.

Note: A similar framework table is included in annual SFOPS congressional budget justifications, and includes only funding in the international affairs (function 150) budget.

[5] Most of these objectives are funded through several appropriations accounts. For instance, the objective of Governing Justly and Democratically and each of its individual sectoral elements (see **Table 1**) are funded through portions of the Development Assistance, AEECA, ESF, INCLE, and Democracy Fund accounts, as well as by various programs run through nontraditional aid providers.

[6] This effort is a result of requirements put forth in the Foreign Aid Transparency and Accountability Act of 2016 (P.L. 114-191), signed into law in October 2015.

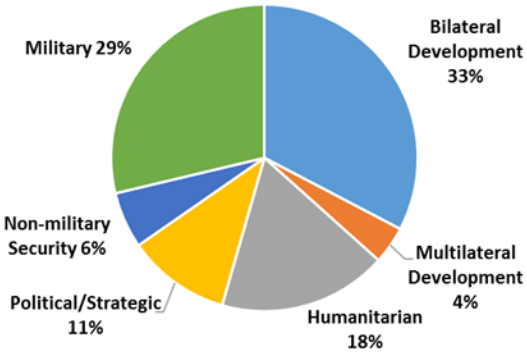
What Are the Major Foreign Aid Funding Categories and Accounts?

The 2006 framework introduced by the Department of State organizes assistance by foreign policy strategic objective and sector. But there are many other ways to categorize foreign aid, one of which is to sort out and classify foreign aid accounts in the U.S. budget according to the types of activities they are expected to support, using broad categories such as military, bilateral development, multilateral development, humanitarian assistance, political/strategic, and nonmilitary security activities (see **Figure 1**). This methodology reflects the organization of aid accounts within the SFOPS appropriations but can easily be applied to the international food aid title of the Agriculture appropriations as well as to the DOD and other government agency assistance programs with funding outside traditional foreign aid budget accounts. In FY2017, these many aid accounts provided $49.9 billion in obligated assistance.[7]

Bilateral Development Assistance

For FY2017, U.S. government departments and agencies obligated about $16.2 billion in bilateral development assistance, or 33% of total foreign aid, primarily through the Development Assistance (DA) and Global Health (Global Health-USAID and Global Health-State) accounts and the administrative accounts that allow USAID to operate (Operating Expenses, Capital Investment Fund, and Office of the Inspector General). Other bilateral development assistance accounts support the development efforts of distinct institutions, such as the Peace Corps, Inter-American Foundation (IAF), U.S.-African Development Foundation, Trade and Development Agency, Millennium Challenge Corporation (MCC), and National Endowment for Democracy (NED).

Figure 1. FY2017 Aid Program Composition



Source: USAID Explorer and CRS calculations.

Development assistance programs aim to foster sustainable broad-based economic progress and social stability in developing countries. This aid is managed largely by USAID and is used for long-term projects in a wide range of areas. Many programs share the objective in the State Department framework of "promoting economic growth and prosperity." Agriculture programs focus on reducing poverty and hunger, trade-promotion opportunities for farmers, and sound environmental practices for sustainable agriculture. Private sector development programs include support for business associations and microfinance services. Programs for managing natural resources and protecting the global environment focus on conserving biological diversity;

[7] The FY2017 figures used in this section are total obligations (i.e., commitments) encompassing both traditional aid accounts—foreign operations appropriations titles as well as agriculture appropriations food aid—and those discrete nontraditional appropriations accounts and allocations that can be readily identified through USAID Explorer (explorer.usaid.gov) reporting as foreign assistance—including the Afghanistan Security Forces Fund; the Commander's Emergency Response Program; DOD Counterterrorism Partnerships Fund; DOD counternarcotics programs; Iraq Train and Equip Fund; DOD humanitarian programs; DOD Cooperative Threat Reduction; DOE nonproliferation programs; Centers for Disease Control and Prevention (CDC) disease control, research and training programs; National Institutes of Health Research; and the National Endowment for Democracy, among others. Many nontraditional aid activities fail to merit a distinctive line item in their larger agency appropriations and, therefore, cannot be captured until they are reported some years later as obligations. The FY2017 amounts are the most recent complete figures reported.

improving the management of land, water, and forests; encouraging clean and efficient energy production and use; and reducing the threat of global climate change. Programs supporting the objective of "governing justly and democratically" include support for promoting rule of law and human rights, good governance, political competition, and civil society. Programs with the objective of "investing in people" include support for basic, secondary, and higher education; improving government ability to provide social services; water and sanitation; and health care.

By far the largest portion of bilateral development assistance is devoted to global health. These programs include treatment of HIV/AIDS and other infectious diseases, maternal and child health, family planning and reproductive health programs, and strengthening the government health systems that provide care. Most funding for HIV/AIDS, malaria, and tuberculosis is directed through the State Department's Office of the Global AIDS Coordinator to other agencies, including USAID and the Centers for Disease Control and Prevention. The latter agency and the National Institutes for Health also conduct programs funded by Labor-Health and Human Services (HHS) appropriations.[8]

In addition to providing emergency food aid in crisis situations, a portion (about 25% in FY2017) of the Food for Peace (FFP) Title II international food aid program (also referred to as P.L. 480, named after the 1954 law that authorized it)—funded under the Agriculture appropriations—provides nonemergency food commodities to private voluntary organizations (PVOs) or multilateral organizations, such as the World Food Program, for development-oriented purposes. FFP funds are also used to support the "farmer-to-farmer" program, which sends hundreds of U.S. volunteers as technical advisors to train farm and food-related groups throughout the world. In addition, the McGovern-Dole International Food for Education and Child Nutrition Program, a program begun in 2002, provides commodities, technical assistance, and financing for school feeding and child nutrition programs.[9]

Multilateral Development Assistance

A share of U.S. foreign assistance—4% in FY2017 ($2.1 billion)—is combined with contributions from other donor nations to finance multilateral development projects. Multilateral aid[10] is funded largely through the International Organizations and Programs (IO&P) account and individual accounts for each of the Multilateral Development Banks (MDBs) and global environmental funds. For FY2017, the U.S. government obligated $2.1 billion for development activities managed by international organizations and financial institutions, including contributions to the United Nations Children's Fund (UNICEF); the United Nations Development Program (UNDP); and MDBs, such as the World Bank.[11]

The U.S. share of donor contributions to each of the MDB concessional (subsidized) and nonconcessional (market rate) loan windows varies widely. For the largest MDB, the World Bank, the United States has contributed about 20.5% to the nonconcessional lending window (the International Development Associations [IDA]) and about 17.3% to the nonconcessional lending

[8] For more information on global health assistance, see CRS Report R43115, *U.S. Global Health Appropriations: FY2001-FY2019*, by Tiaji Salaam-Blyther.

[9] For more information on international food aid programs, see CRS Report R45422, *U.S. International Food Assistance: An Overview*, by Alyssa R. Casey.

[10] Multilateral aid is provided to and managed by non-U.S. entities such as the World Bank or the United Nations. This is in contrast to bilateral assistance, which is aid managed by a U.S. agency, though perhaps implemented by a nongovernmental partner through a grant or cooperative agreement.

[11] For more information on the MDBs, see CRS Report R41170, *Multilateral Development Banks: Overview and Issues for Congress*, by Rebecca M. Nelson.

window (the International Bank for Reconstruction and Development [IBRD]). In determining the U.S. share of donor contributions to the various multilateral institutions, the U.S. faces the challenge of finding the right balance between the benefits of burden sharing and the constraints of sharing control when determining multilateral priorities.

Humanitarian Assistance

For FY2017, obligations for humanitarian assistance programs amounted to $8.9 billion, 18% of total assistance. Unlike development assistance programs, which are often viewed as long-term efforts that may have the effect of preventing future crises from emerging, humanitarian assistance programs are devoted largely to the immediate alleviation of human suffering in emergencies, both natural and man-made, as well as problems resulting from conflict associated with failed or failing states. The largest portion of humanitarian assistance is managed through the International Disaster Assistance (IDA) account by USAID, which provides relief and rehabilitation efforts to victims of man-made and natural disasters, such as the economic and social dislocations caused by the 2014/2015 Ebola epidemic, and the ongoing crises in Syria, South Sudan, Yemen, and Venezuela. A portion of IDA is used for food assistance through the Emergency Food Security Program.

Additional humanitarian assistance goes to programs administered by the State Department and funded under the Migration and Refugee Assistance (MRA) and the Emergency Refugee and Migration Assistance (ERMA) accounts, aimed at addressing the needs of refugees and internally displaced persons. These accounts support a number of refugee relief organizations, including the U.N. High Commission for Refugees and the International Committee of the Red Cross. The Department of Defense provides disaster relief under the Overseas Humanitarian, Disaster, and Civic Assistance (OHDACA) account of the DOD appropriations. (For further information on humanitarian programs, see CRS In Focus IF10568, *Overview of the Global Humanitarian and Displacement Crisis*, by Rhoda Margesson.)

The bulk of FFP Title II Agriculture appropriations—$1.3 billion in obligations, about 75% of total Food for Peace Act in FY2017—are used by USAID, mostly to purchase U.S. agricultural commodities, for emergency needs, supplementing both refugee and disaster programs.[12] (For more information on food aid programs, see CRS Report R45422, *U.S. International Food Assistance: An Overview*, by Alyssa R. Casey.)

Assistance Serving Both Development and Special Political/Strategic Purposes

A few accounts promote special U.S. political and strategic interests. Programs funded through the Economic Support Fund (ESF) account generally aim to promote political and economic stability, often through activities indistinguishable from those provided under regular development programs.[13] However, ESF is also used for direct budget support to foreign governments and to support sovereign loan guarantees. For FY2017, USAID and the State Department obligated $4.8 billion, nearly 10% of total assistance, through this account.

For many years, following the 1979 Camp David accords, most ESF funds went to support the Middle East Peace Process—in FY1997, for example, 87% of ESF went to Israel, Egypt, the West Bank and Jordan. Those proportions have declined significantly in recent decades. In FY2007, 22% of ESF funding went to these countries and, in FY2017, 25%. Since the September 2001

[12] Until FY1998, food provided commercially under long-term, low-interest loan terms (Title I of P.L. 480) was also included in the foreign assistance account. Because of its export focus, it is no longer considered foreign aid.

[13] USAID estimates that over 90% of ESF funds are implemented by USAID for development purposes.

terrorist attacks, ESF has largely supported countries of importance in the U.S. global counterterrorism strategy. In FY2007, for example, activities is Afghanistan and Pakistan received 17% of ESF funding (25% in FY2017).

Over the years, other accounts have been established to meet specific political or security interests and then were dissolved once the need was met. One example is the Assistance to Eastern Europe and Central Asia (AEECA) account, established in FY2009 to combine two aid programs that met particular strategic political interests arising from the demise of the Soviet empire. The SEED (Support for East European Democracy Act of 1989) and the FREEDOM Support Act (Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992) programs were designed to help Central Europe and the newly independent states of the former Soviet Union (FSA) achieve democratic systems and free market economies. With funding decreasing as countries in the region graduated from U.S. assistance, Congress discontinued use of the AEECA account in the FY2013 appropriations. Increasing requests and appropriations for countries in the former Soviet Union threatened by Russia, however, led to its re-emergence in the FY2017 and succeeding SFOPS appropriations.

In the recent past, several DOD-funded nontraditional aid programs directed at Afghanistan also supported development efforts. The Afghanistan Infrastructure Fund and the Business Task Force wound down as the U.S. military presence in that country declined; the Commander's Emergency Response Program (CERP) still exists. The latter two programs had earlier iterations as well in Iraq.

Nonmilitary Security Assistance

Several U.S. government agencies support programs to address global concerns that are considered threats to U.S. security and well-being, such as terrorism, illicit narcotics, crime, and weapons proliferation. In the past two decades, policymakers have given greater weight to these programs. In FY2017, they amounted to $2.9 billion, 6% of total assistance

Since the mid-1990s, three U.S. agencies—State, DOD, and Energy—have provided funding, technical assistance, and equipment to counter the proliferation of chemical, biological, radiological, and nuclear weapons. Originally aimed at the former Soviet Union under the rubric cooperative threat reduction (CTR), these programs seek to ensure that these weapons are secured and their spread to rogue nations or terrorist groups prevented.[14] In addition to nonproliferation efforts, the Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) account, managed by the State Department, encompasses civilian anti-terrorism efforts such as detecting and dismantling terrorist financial networks, establishing watch-list systems at border controls, and building developing country anti-terrorism capacities. NADR also funds humanitarian demining programs.

The State Department is the main implementer of counternarcotics programs. The State-managed International Narcotics Control and Law Enforcement (INCLE) account supports counternarcotics activities, most notably in Afghanistan, Pakistan, Peru, and Colombia. It also helps develop the judicial systems—assisting judges, lawyers, and legal institutions—of many developing countries, especially in Afghanistan. DOD and USAID also support counternarcotics

[14] For further information on nonproliferation efforts, see CRS Report R43143, *The Evolution of Cooperative Threat Reduction: Issues for Congress*, by Mary Beth D. Nikitin and Amy F. Woolf.

activities, the former largely by providing training and equipment, the latter by offering alternative crop and employment programs.[15]

Military Assistance

The United States provides military assistance to U.S. friends and allies to help them acquire U.S. military equipment and training. At $14.5 billion, military assistance accounted for about 29% of total U.S. foreign aid in FY2017. The Department of State administers three programs, with corresponding appropriations accounts that are then implemented by DOD. Foreign Military Financing (FMF) is a grant program that enables governments to receive equipment and associated training from the U.S. government or to access equipment directly through U.S. commercial channels. Most FMF grants support the security needs of Israel, Egypt, Jordan, Pakistan, and Iraq. The International Military Education and Training program (IMET) offers military training on a grant basis to foreign military officers and personnel. Peacekeeping funds (PKO) are used to support voluntary non-U.N. peacekeeping operations as well as training for an African crisis response force. Since 2002, DOD appropriations have supported FMF-like programs, training and equipping security forces in Afghanistan and Iraq. These programs and the accounts that fund them are called the Afghanistan Security Forces Fund (ASFF) and, through FY2012, the Iraq Security Forces Fund (ISFF). Beginning in FY2015, similar support was provided Iraq under the Iraq Train and Equip Fund. The DOD-funded programs in Afghanistan and Iraq accounted for more than half of total military assistance in FY2017.

Delivery of Foreign Assistance

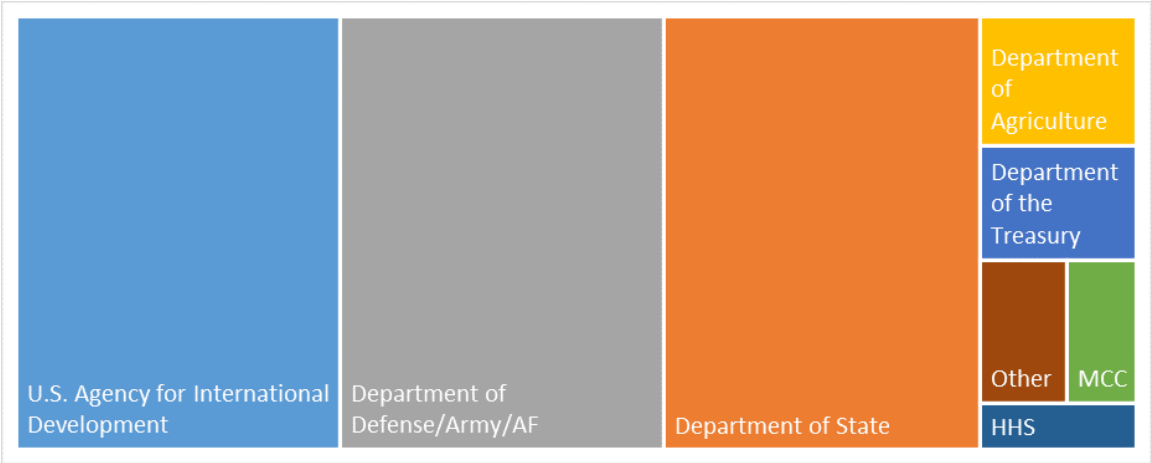
How and in what form assistance reaches an aid recipient can vary widely, depending on the type of aid program, the objective of the assistance, and the agency responsible for providing the aid.

What Executive Branch Agencies Implement Foreign Aid Programs?

Federal agencies may implement foreign assistance programs using funds appropriated directly to them or funds transferred to them from another agency. For example, significant funding appropriated through State Department and Department of Agriculture accounts is used for programs implemented by USAID (see **Figure 2**). The funding data in this section reflect the agency that implemented the aid, not necessarily the agency to which funds were originally appropriated.

[15] For more information on counternarcotics efforts, see CRS Report RL34543, *International Drug Control Policy: Background and U.S. Responses*, by Liana W. Rosen.

Figure 2. Foreign Aid Implementing Agencies, FY2017



Source: USAID Explorer and CRS calculations.

Note: MCC = Millennium Challenge Corporation; HHS =Department of Health and Human Services.

U.S. Agency for International Development

For 50 years, USAID has implemented the bulk of the U.S. bilateral economic development and humanitarian assistance. It directly implements the Development Assistance, International Disaster Assistance, and Transition Initiatives accounts, as well as a USAID-designated portion of the Global Health account. Jointly with the State Department, USAID co-manages ESF, AEECA, and Democracy Fund programs, which frequently support development activities as a means of promoting U.S. political and strategic goals.[16] Based on historical averages, according to USAID, the agency implements more than 90% of ESF, 70% of AEECA, 40% of the Democracy Fund, and about 60% of the Global HIV/AIDS funding appropriated to the State Department. USAID also implements all Food for Peace Act Title II food assistance funded through agriculture appropriations.

USAID obligated an estimated $20.55 billion to implement foreign assistance programs and activities in FY2017.[17] The agency's staff in 2018 totaled 9,747[18], of which about 67% were working overseas, overseeing the implementation of hundreds of projects undertaken by thousands of private sector contractors, consultants, and nongovernmental organizations.[19]

U.S. Department of Defense

DOD implements all SFOPS-funded military assistance programs—FMF, IMET, PKO, and PCCF—in conjunction with the policy guidance of the Department of State. The Defense Security Cooperation Agency is the primary DOD body responsible for these programs. DOD also carries out an array of state-building activities, funded through defense appropriations legislation, which are usually in the context of training exercises and military operations. These sorts of activities, once the exclusive jurisdiction of civilian aid agencies, include development

[16] The State Department determines the policy on distribution of funds from these accounts.

[17] See Foreign Aid Explorer: https://explorer.usaid.gov/query.

[18] Total includes employees from the USAID Office of Inspector General, but does not include institutional support contractors.

[19] USAID Agency Financial Report, FY2017, available at https://www.usaid.gov/sites/default/files/documents/1868/USAIDFY2017AFR.pdf.

assistance to Iraq and Afghanistan through the Commander's Emergency Response Program (CERP), the Iraq Relief and Reconstruction Fund, and the Afghanistan Infrastructure Fund, and elsewhere through the Defense Health Program, counterdrug activities, and humanitarian and disaster relief. Training and equipping of Iraqi and Afghan police and military, though similar in nature to some traditional security assistance programs, has been funded and implemented primarily through DOD appropriations, though implementing the Iraq police training program was a State Department responsibility from 2012 until it was phased out in 2013.

In FY2017, the Department of Defense implemented an estimated $14.50 billion in foreign assistance programs.[20]

U.S. Department of State

The Department of State manages and co-manages a wide range of assistance programs. It is the lead U.S. civilian agency on security and refugee related assistance, and has sole responsibility for implementing the International Narcotics and Law Enforcement (INCLE) and Nonproliferation, Antiterror, and Demining (NADR) accounts, the two Migration and Refugee accounts (MRA and ERMA), and the International Organizations and Programs (IO&P) account. State is also home to the Office of the Global AIDS Coordinator (OGAC), which manages the State Department's portion of Global Health funding in support of HIV/AIDS programs, though many of these funds are transferred to and implemented by USAID, the National Institutes of Health, and the Centers for Disease Control and Prevention.

In conjunction with USAID, the State Department manages the Economic Support Fund, AEECA assistance to the former communist states, and Democracy Fund accounts. For these accounts, the State Department largely sets the overall policy and direction of funds, while USAID implements the preponderance of programs. In addition, the State Department, through its Bureau of Political-Military Affairs, has policy authority over the Foreign Military Financing (FMF), International Military Education and Training (IMET), and Peacekeeping Operations (PKO) accounts, and, while it was active, the Pakistan Counterinsurgency Capability Fund (PCCF). These programs are implemented by the Department of Defense. Police training programs have traditionally been the responsibility of the International Narcotics and Law Enforcement (INL) Office in the State Department, though programs in Iraq and Afghanistan were implemented and paid for by the Department of Defense for several years.

State is also the organizational home to the Office of U.S. Foreign Assistance Resources (formerly the Office of the Director of Foreign Assistance), known as "F," which was created in 2006 to coordinate U.S. foreign assistance programs. The office establishes standard program structures and definitions, as well as performance indicators, and collects and reports data on State Department and USAID aid programs.

The State Department implemented about $7.66 billion in foreign assistance funding in FY2017,[21] though it has policy authority over a much broader range of assistance funds.

U.S. Department of Health and Human Services

The U.S. Department of Health and Human Services implements a range of global health programs through its various component institutions. As an implementing partner in the President's Emergency Plan for Aids Relief (PEPFAR), a large portion of HHS foreign assistance

[20] http://explorer.usaid.gov/aid-dashboard.html#2013.

[21] Ibid.

activity is related to HIV prevention and treatment, including technical support and preventing mother to child transmission of HIV/AIDS. The Centers for Disease Control and Prevention participates in a broad range of global disease control activity, including rapid outbreak response, global research and surveillance, information technology assistance, and field epidemiology and laboratory training. The National Institutes of Health (NIH) also conduct international health research that is reported as assistance.

In FY2017, HHS institutions implemented $2.66 billion in foreign assistance activities.[22]

U.S. Department of the Treasury

The Department of the Treasury's Under Secretary for International Affairs administers U.S. contributions to and participation in the World Bank and other multilateral development institutions. In this case, the agency manages the distribution of funds to the institutions, but does not implement programs. Presidentially appointed U.S. executive directors at each of the banks represent the United States' point of view. Treasury also deals with foreign debt reduction issues and programs, including U.S. participation in the Highly Indebted Poor Countries (HIPC) initiative, and manages a technical assistance program offering temporary financial advisors to countries implementing major economic reforms and combating terrorist finance activity.

For FY2017, the Department of the Treasury managed foreign assistance valued at about $1.85 billion.[23]

Millennium Challenge Corporation

Created in February 2004, the Millennium Challenge Corporation (MCC) seeks to concentrate significantly higher amounts of U.S. resources in a few low- and lower-middle-income countries that have demonstrated a strong commitment to political, economic, and social reforms relative to other developing countries. A significant feature of the MCC effort is that recipient countries formulate, propose, and implement mutually agreed multi-year U.S.-funded project plans known as compacts. Compacts in the 27 recipient countries selected to date have emphasized construction of infrastructure. The MCC is a U.S. government corporation, headed by a chief executive officer who reports to a board of directors chaired by the Secretary of State. The Corporation maintains a relatively small staff of about 300.

The MCC obligated about $1.01 billion in FY2017.[24]

Other Agencies

A number of other government agencies play a role in implementing foreign aid programs.

- The Peace Corps, an autonomous agency with FY2017 obligations of $445 million,[25] supports about 7,300 volunteers in 65 countries.[26] Peace Corps

[22] https://explorer.usaid.gov/aid-dashboard.html.

[23] Ibid.

[24] Ibid. For more information on MCC, see CRS Report RL32427, *Millennium Challenge Corporation*, by Curt Tarnoff.

[25] Ibid.

[26] The Peace Corps, *Agency Financial Report*, Fiscal Year 2017, Washington, DC.

volunteers work in a wide range of educational, health, and community development projects.[27]

- The Trade and Development Agency (TDA), which obligated $58 million in FY2017, finances trade missions and feasibility studies for private sector projects likely to generate U.S. exports.[28]
- The Overseas Private Investment Corporation (OPIC) provides political risk insurance to U.S. companies investing in developing countries and finances projects through loans and guarantees. Its insurance activities have been self-sustaining, but credit reform rules require a relatively small appropriation to back up U.S. guarantees and for administrative expenses. The Better Utilization of Investments Leading to Development Act of 2018 (BUILD Act), signed into law in October 2018 (P.L. 115-254), authorized consolidation of OPIC and USAID's Development Credit Authority into a new U.S. International Development Finance Corporation (IDFC), which is expected to become operational in fall 2019.[29] For FY2017, as for most prior years, OPIC receipts exceeded appropriations, resulting in a net gain to the Treasury.[30]
- The Inter-American Foundation and the African Development Foundation, obligating $25.8 million and $20.2 million, respectively, in FY2017,[31] finance small-scale enterprise and grassroots self-help activities aimed at assisting poor people.

[27] For more information on these agencies, see CRS Report RS21168, *The Peace Corps: Current Issues*, by Marian L. Lawson.

[28] https://explorer.usaid.gov/aid-dashboard.html.

[29] For more information on the BUILD Act and IDFC, see CRS Report R45461, BUILD Act: Frequently Asked Questions About the New U.S. International Development Finance Corporation, by Shayerah Ilias Akhtar and Marian L. Lawson.

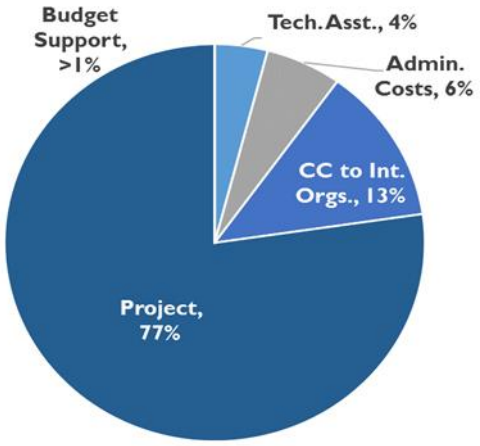
[30] For more information, see CRS Report 98-567, *The Overseas Private Investment Corporation: Background and Legislative Issues*, by Shayerah Ilias Akhtar, and CRS Report R45461, *BUILD Act: Frequently Asked Questions About the New U.S. International Development Finance Corporation*, by Shayerah Ilias Akhtar and Marian L. Lawson.

[31] https://explorer.usaid.gov/aid-dashboard.html.

What Are the Different Forms in Which Assistance Is Provided?

Most U.S. assistance is now provided as a grant (gift) rather than a loan, so as not to increase the heavy debt burden carried by many developing countries. However, the forms a grant may take are diverse. The most common type of U.S. development aid is project-based assistance (77% in FY2017), in which aid is channeled through an implementing partner to complete a project. Aid is also provided in the form of core contribution to international organizations such as the United Nations, technical assistance, and direct budget support (cash transfer) to governments. A portion of aid money is also spent on administrative costs (**Figure 3**). Within these categories, aid may take many forms, as described below.

Figure 3. Aid by Type, 2017 Obligations



Source: USAID Explorer and CRS calculations.

Cash Transfer

Although it is the exception rather than the rule, some countries receive aid in the form of a cash grant to the government. Dollars provided in this way support a government's balance-of-payments situation, enabling it to purchase more U.S. goods, service its debt, or devote more domestic revenues to developmental or other purposes. Cash transfers have been made as a reward to countries that have supported the United States' counterterrorism operations (Turkey and Jordan in FY2004), to provide political and strategic support (both Egypt and Israel annually for decades after the 1979 Camp David Peace Accord), and in exchange for undertaking difficult political and economic reforms.

Commodities

Assistance may be provided in the form of food commodities, weapons systems, or equipment such as generators or computers. Food aid may be provided directly to meet humanitarian needs or to encourage attendance at a maternal/child health care program. Weapons supplied under the military assistance program may include training in their use. Equipment and commodities provided under development assistance are usually integrated with other forms of aid to meet objectives in a particular social or economic sector. For instance, textbooks have been provided in both Afghanistan and Iraq as part of a broader effort to reform the educational sector and train teachers. Computers may be offered in conjunction with training and expertise to fledgling microcredit institutions. Since PEPFAR was first authorized in 2004, antiretroviral drugs (ARVs) provided to individuals living with HIV/AIDS have been a significant component of commodity-based assistance.

Economic Infrastructure

Although once a significant portion of U.S. assistance programs, construction of economic infrastructure—roads, irrigation systems, electric power facilities, etc.—was rarely provided after the 1970s. Because of the substantial expense of these projects, they were to be found only in large assistance programs, such as that for Egypt in the 1980s and 1990s, where the United States

constructed major urban water and sanitation systems. The aid programs in Iraq and Afghanistan supported the building of schools, health clinics, roads, power plants, and irrigation systems. In Iraq alone, more than $10 billion went to economic infrastructure. Economic infrastructure is now also supported by U.S. assistance in a wider range of developing countries through the Millennium Challenge Corporation. In this case, recipient countries design their own assistance programs, most of which, to date, include an infrastructure component.

Training

Transfer of knowledge and skills is a significant part of most assistance programs. The International Military Education and Training Program (IMET) provides training to officers of the military forces of allied and friendly nations. Tens of thousands of citizens of aid recipient countries receive short-term technical training or longer-term degree training annually under USAID programs. More than one-quarter of Peace Corps volunteers are English, math, and science teachers. Other aid programs provide law enforcement personnel with anti-narcotics or anti-terrorism training.

Expertise

Many assistance programs provide expert advice to government and private sector organizations. The Department of the Treasury, USAID, and U.S.-funded multilateral banks all place specialists in host government ministries to make recommendations on policy reforms in a wide variety of sectors. USAID has often placed experts in private sector business and civic organizations to help strengthen them in their formative years or while indigenous staff are being trained. While most of these experts are U.S. nationals, in Russia, USAID funded the development of locally staffed political and economic think tanks to offer policy options to that government.

Small Grants

USAID, the Inter-American Foundation, and the African Development Foundation often provide aid in the form of small grants directly to local organizations to foster economic and social development and to encourage civic engagement in their communities. Grants are sometimes provided to microcredit organizations, such village-level women's savings groups, which in turn provide loans to microentrepreneurs. Small grants may also address specific community needs. Recent IAF grants, for example, have supported organizations that help resettle Salvadoran migrants deported from the United States and youth programs in Central America aimed at gang prevention.

How Much Aid Is Provided as Loans and How Much as Grants? What Are Some Types of Loans? Have Loans Been Repaid? Why Is Repayment of Some Loans Forgiven?

Under the Foreign Assistance Act of 1961, the President may determine the terms and conditions under which most forms of assistance are provided. In general, the financial condition of a country—its ability to meet repayment obligations—has been an important criterion of the decision to provide a loan or grant. Some programs, such as humanitarian and disaster relief programs, were designed from the beginning to be entirely grant activities.

Loan/Grant Composition

During the past two decades, nearly all foreign aid—military as well as economic—has been provided in grant form. While loans represented 32% of total military and economic assistance between 1962 and 1988, this figure declined substantially beginning in the mid-1980s, until by FY2001, loans represented less than 1% of total aid appropriations. The de-emphasis on loan programs came largely in response to the debt problems of developing countries. Both Congress and the executive branch have generally supported the view that foreign aid should not add to the already existing debt burden carried by these countries. In the FY2019 budget request, the Trump Administration encouraged the use of loans over grants when providing military assistance (Foreign Military Financing), but Congress did not include language in support of that proposal in the enacted FY2019 appropriation (P.L. 116-6).

Loan Guarantees

Although a small proportion of total current aid, there are significant USAID-managed programs that guarantee loans, meaning the U.S. government agrees to pay a portion of the amount owed in the case of a default on a loan. A Development Credit Authority (DCA) loan guarantee, in which risk is shared with a private sector bank, can be used to increase access to finance in support of any development sector. The DCA is to be transferred from USAID in 2019 to the new IDFC, established by the BUILD Act of 2018 (P.L. 115-254), to enhance U.S. development finance capacity.

Under the Israeli Loan Guarantee Program, the United States has guaranteed repayment of loans made by commercial sources to support the costs of immigrants settling in Israel from other countries and may issue guarantees to support economic recovery.[32] USAID has also provided loan guarantees in recent years to improve the terms or amounts of financing from international capital markets for Ukraine and Jordan. In these cases, assistance funds representing a fraction of the guarantee amount are provided to cover possible default.[33]

Loan Repayment

Between 1946 and 2016, the United States loaned $112.7 billion in foreign economic and military aid to foreign governments, and while most foreign aid is now provided through grants, $9.18 billion in loans to foreign governments remained outstanding at the end of FY2016.[34] For nearly three decades, Section 620q of the Foreign Assistance Act (the Brooke amendment) has prohibited new assistance to the government of any country that falls more than one year past due in servicing its debt obligations to the United States, though the President may waive application of this prohibition if he determines it is in the national interest.

Debt Forgiveness

The United States has also forgiven debts owed by foreign governments and encouraged, with mixed success, other foreign aid donors and international financial institutions to do likewise. In some cases, the decision to forgive foreign aid debts has been based largely on economic grounds as another means to support development efforts by heavily indebted, but reform-minded,

[32] Israel has not drawn on any loan guarantees since FY2004.

[33] The assistance provided to guarantee the loan varies depending on the risk. For example the Administration requested $275 million in ESF-OCO funds in FY2016 to support a $1 billion loan guarantee for Ukraine.

[34] U.S. Overseas Loans and Grants: Obligations and Loan Authorizations, July 1, 1945-September 30, 2016 (Greenbook), CONG-R-0105.

countries. The United States has been one of the strongest supporters of the Heavily Indebted Poor Country (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). These initiatives, which began in the late 1990s, include participation of the World Bank, the International Monetary Fund, and other international financial institutions in a comprehensive debt workout framework for the world's poorest and most debt-strapped nations.

The largest and most hotly debated debt forgiveness actions have been implemented for much broader foreign policy reasons with a more strategic purpose. Poland, during its transition from a communist system and centrally planned economy (1990—$2.46 billion); Egypt, for making peace with Israel and helping maintain the Arab coalition during the Persian Gulf War (1990—$7 billion); and Jordan, after signing a peace accord with Israel (1994—$700 million), are examples. Similarly, the United States forgave about $4.1 billion in outstanding Saddam Hussein-era Iraqi debt in November 2004 and helped negotiate an 80% reduction in Iraq's debt to creditor nations later that month.

What Are the Roles of Government and Private Sector in Development and Humanitarian Aid Delivery?

Most development and humanitarian assistance activities are not directly implemented by U.S. government personnel but by private sector entities, such as individual personal service contractors, consulting firms, universities, private voluntary organizations (PVOs), or public international organizations (PIOs). Generally speaking, U.S. government foreign service and civil servants determine the direction and priorities of the aid program, allocate funds while keeping within legislative requirements, ensure that appropriate projects are in place to meet aid objectives, select implementers, and monitor the implementation of those projects for effectiveness and financial accountability. Both USAID and the State Department have promoted the use of public-private partnerships, in which private entities such as corporations and foundations are contributing partners, not paid implementers, in situations where business interests and development objectives coincide.[35]

Which Countries Receive U.S. Foreign Aid?

In FY2017, the United States provided some form of bilateral foreign assistance to more than 150 countries.[36] Aid is concentrated heavily in certain countries, reflecting the priorities and interests of United States foreign policy at the time. **Table 2** identifies the top 15 recipients of U.S. foreign assistance for FY1997, FY2007 and FY2017.

[35] For more on the use of public-private partnerships in foreign assistance, see CRS Report R41880, *Foreign Assistance: Public-Private Partnerships (PPPs)*, by Marian L. Lawson.

[36] Generally, USAID and other agencies funnel development assistance, in various forms, to a country's private sector, nongovernmental organizations, local communities, individual entrepreneurs, and other entities. Assistance is provided directly to the government of a country where the intention is to bring about policy reforms, improve governance, or work with a sector in which the government is the predominant element, such as in health care where the Ministry of Health would play a determinative role. Often, in cases where a government is believed to be taking action contrary to U.S. interests, Congress has specified that assistance to that government be prohibited or limited, while not affecting overall assistance to the country.

Table 2. Top Recipients of U.S. Foreign Assistance from All Sources, FY1997, FY2007, and FY2017

(in millions of current dollars)

FY1997		FY2007		FY2017	
Israel	3,173	Iraq	7,867	Afghanistan	5,730
Egypt	2,116	Afghanistan	4,980	Iraq	3,712
Russia	323	Israel	2,510	Israel	3,191
Jordan	219	Egypt	2,043	Jordan	1,490
Bosnia and Herzegovina	206	Russia	1,609	Egypt	1,476
Turkey	201	Sudan (former)	1,140	Ethiopia	1,103
Peru	170	Pakistan	824	Kenya	1,060
Bolivia	137	Ghana	591	South Sudan	924
India	128	Mali	526	Syria	891
Greece	126	El Salvador	517	Nigeria	852
Palau	122	Colombia	472	Pakistan	837
Colombia	105	Kenya	421	Uganda	741
Ukraine	105	Ethiopia	417	Tanzania	626
Haiti	96	Jordan	399	Yemen	595
Rwanda	91	South Africa	378	Somalia	584

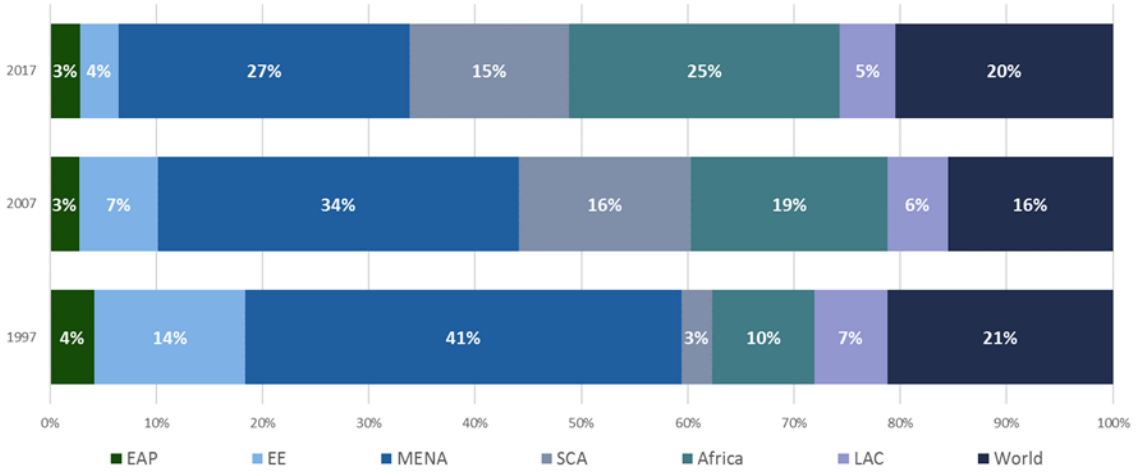
Source: USAID Explorer.

As shown in the table above, there are both similarities and sharp differences among country aid recipients for the three periods. The most consistent thread connecting the top aid recipients over the past two decades has been continuing U.S. strategic interests in the Middle East, with large programs maintained for Israel and Egypt and, for Iraq, following the 2003 invasion. Two key countries in the U.S. counterterrorism strategy, Afghanistan and Pakistan, made their first appearances on the list in FY2002 and continued to be among the top recipients in FY2017.

In FY1997, one sub-Saharan African country appeared among leading aid recipients; in FY2017, 7 of the 15 are sub-Saharan African. Many are focus countries under the PEPFAR initiative to address the HIV/AIDS epidemic; South Sudan receives support as a newly independent country with multiple humanitarian and development needs. In FY1997, three countries from Eastern Europe and the former Soviet Union made the list, as many from the region had for much of the 1990s, representing the effort to transform the former communist nations to democratic societies and market-oriented economies. None of those countries appear in the FY2017 list. In FY1997, four Latin American countries make the list; no countries from the region appear in FY2017.

On a regional basis, the Middle East/North Africa (MENA) region has received the largest share of U.S. foreign assistance for many decades. Although economic aid to the region's top two recipients, Israel and Egypt, began to decline in the late 1990s, the dominant share of bilateral U.S. assistance consumed by the MENA region was maintained in FY2005 by the war in Iraq. Despite the continued importance of the region, its share slipped substantially by FY2017 as the effort to train and equip Iraqi forces diminished.

Figure 4. Regional Distribution of Aid, FY1997, FY2007, and FY2017



Source: USAID Explorer and CRS calculations. Percentages may not add up to 100% due to rounding.

Notes: Africa = Sub-Saharan Africa; EAP = East Asia/Pacific; EE = Europe/Eurasia; MENA = Middle East/North Africa; SCA = South/Central Asia; LAC = Latin America/Caribbean; World = Unallocated by Country/Region.

Since September 11, 2001, South and Central Asia has emerged as a significant target of U.S. assistance, rising from a roughly 3% share 20 years ago to 16% in FY2007 and 15% in FY2017, largely because of aid to Afghanistan and Pakistan. Similarly, the share represented by African nations has increased from 10% and 19%, respectively, in FY1997 and FY2007, to 25% in FY2017, largely due to the HIV/AIDS initiative that funnels resources mostly to African countries and to a range of other efforts to address the region's development challenges. Meanwhile, the share of aid to Europe/Eurasia, which greatly surpassed that of Africa in FY1997, has declined significantly in the past decade, to about 4% in FY2017, with the graduation of many East European aid recipients and the termination of programs in Russia. The Ukraine was responsible for about one third of aid to that region in FY2017. East Asia/Pacific has remained at a low level during the past two decades, while Latin America's share has risen and fallen based on U.S. interest in Colombia and a few Central American countries as aid has shifted to regions of more pressing strategic interest (see **Figure 4**).

Foreign Aid Spending

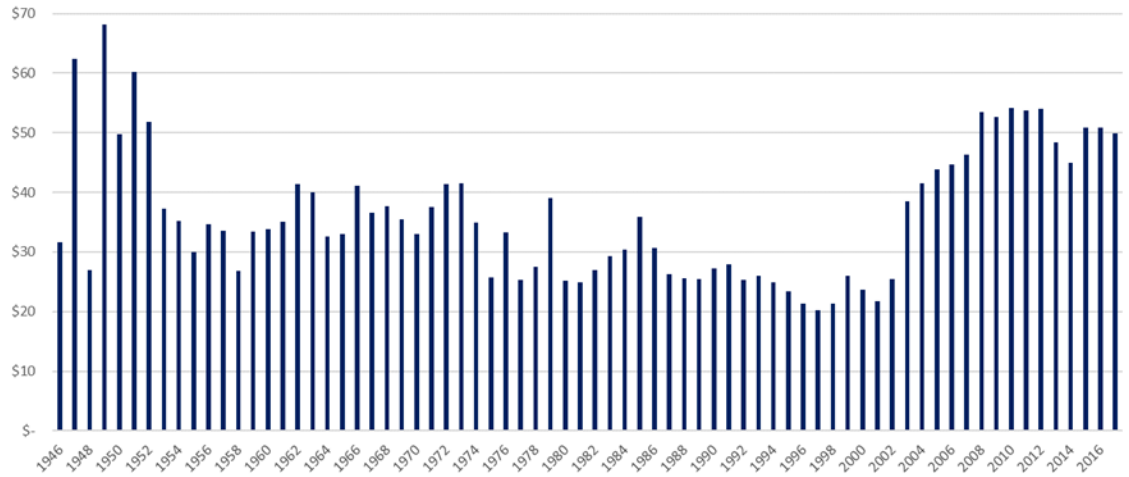
How Large Is the U.S. Foreign Assistance Budget?

There are several methods commonly used for measuring the amount of federal spending on foreign assistance. Amounts can be expressed in terms of budget authority (funds appropriated by Congress), obligations (amounts contractually committed), outlays or disbursements (money actually spent). Assistance levels are also sometimes measured as a percentage of the total federal budget, as a percentage of total discretionary budget authority (excluding mandatory and entitlement programs), or as a percentage of the gross domestic product (GDP) (for an indication of the national wealth allocated to foreign aid).

By nearly all of these measures, foreign aid resources fell gradually on average over several decades since the historical high levels of the late 1940s and early 1950s (**Appendix A**).

Figure 5. U.S. Foreign Aid: FY1946-FY2017 Estimate

(obligations in billions of constant 2017 dollars)



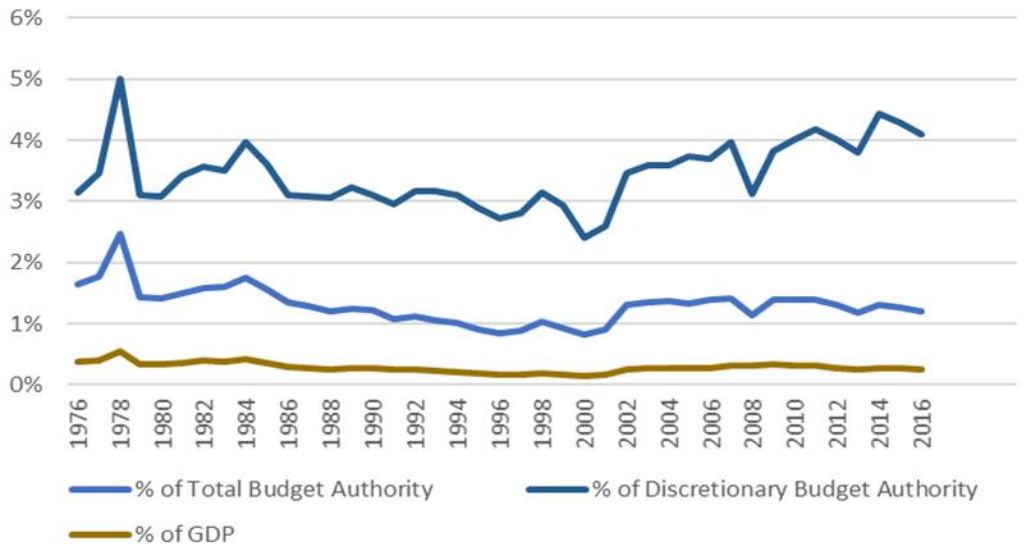
Sources: USAID Explorer. See **Appendix A** for the full data.

Notes: FY1976 includes both regular FY1976 and transition quarter (TQ) funding. Because this data reflects obligations, it sometimes shows sharp, short-term increases in congressional appropriations as longer, less sharp surges in spending, For example, $18.4 billion in funding for Iraq Reconstruction and Rehabilitation, appropriated in FY2004, was obligated over several years.

This downward trend was sporadically interrupted, largely due to major foreign policy initiatives such as the Alliance for Progress for Latin America beginning in 1961, the infusion of funds to implement the Camp David Middle East Peace Accords in 1979, and an increase in military assistance to Egypt, Turkey, Greece and others in the mid-1980s. The lowest point in U.S. foreign aid spending since World War II came in 1997, when foreign assistance obligations fell to just above $20 billion (in 2017 dollar terms). (**Figure 5**)

While foreign aid consistently represented just over 1% of U.S. annual gross domestic product in the decade following World War II, it fell gradually to between 0.2% and 0.4% for most years in the past three decades. Foreign assistance spending has comprised, on average, around 3% of discretionary budget authority and just over 1% of total budget authority each year since 1977, though the percentages have sometimes varied considerably from year to year. Foreign aid dropped from 5% of discretionary budget authority in 1979 to 2.4% in 2001, before rising sharply in conjunction with U.S. activities in Afghanistan and Iraq starting in 2003. As a portion of total budget authority, foreign assistance reached 2.5% in 1979, but has hovered below 1.5% since 1987. In 2017, foreign assistance was estimated to account for 4.1% of discretionary budget authority and 1.2% of total budget authority (**Figure 6**; **Appendix A**).

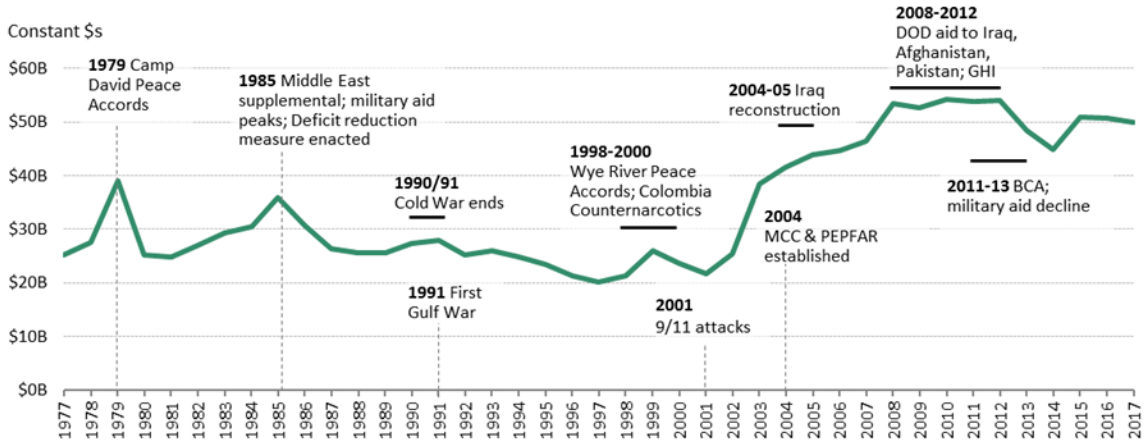
Figure 6. Aid as a Percentage of the Federal Budget and GDP, FY1976-FY2017 Estimate



Source: OMB Historic Budget Tables FY2018; Explorer; CRS calculations.

As previously discussed, since the September 11, 2001, terrorist attacks, foreign aid funding has been closely tied to U.S. counterterrorism strategy, particularly in Iraq, Afghanistan, and Pakistan. Bush and Obama Administration global health initiatives, the creation of the Millennium Challenge Corporation, and growth in counter-narcotics activities have driven funding increases as well. The Budget Control Act of 2011, and the drawdown of U.S. military forces in Iraq, and to some degree Afghanistan, led to a notable dip in aid obligations in FY2013, but aid levels have risen again with efforts to address the crisis in Syria, counter-ISIL activities, and humanitarian aid. The use of the Overseas Contingency Operations (OCO, discussed below) designation has enabled this growth despite the BCA limitations. **Figure 7** shows how trends in foreign aid funding in recent decades can be attributed to specific foreign policy events and presidential initiatives.

Figure 7. Foreign Aid Funding Trends, FY1977-FY2017 Estimate



Source: USAID Explorer.

Notes: MCC = Millennium Challenge Corporation; PEPFAR = President's Emergency Plan for AIDS Relief; GHI = Global Health Initiative; BCA = Budget Control Act; Human. = humanitarian.

What Does Overseas Contingency Operations (OCO) Mean?

The Obama Administration's FY2012 international affairs budget proposed that the overseas contingency operations (OCO) designation, which had been applied since 2009 to war-related Defense appropriations, including to DOD assistance programs such as ISFF, ASFF and CERP, be extended to include "extraordinary, but temporary, costs of the Department of State and USAID in the front line states of Iraq, Afghanistan and Pakistan." Congress not only adopted the OCO designation in the FY2012 SFOPS appropriations legislation, but expanded it to include funding for additional accounts and countries. In every fiscal year since, a portion of certain foreign assistance accounts—primarily ESF, FMF, IDA, MRA and INCLE—has been appropriated with the OCO designation.

The OCO designation is significant because the Budget Control Act of 2011 (BCA), which set annual caps on discretionary funding from FY2013 through FY2021, specified that funds designated as OCO do not count toward the discretionary spending limits established by the act. OCO designation makes it possible to prevent war-related funding from crowding out core international affairs activities within the budget allocation. The OCO approach is reminiscent of the use of supplemental international affairs appropriations for the first decade after the September 11, 2001, terrorist attacks. Congress appropriated significant emergency supplemental funds for foreign operations and Defense assistance programs every year from FY2002 through FY2010 for activities in Iraq, Afghanistan, and elsewhere, which were not counted toward subcommittee budget allocations. Since the OCO designation was first applied to foreign operations in FY2012, supplemental appropriations for foreign aid have declined significantly.[37]

In the FY2019 and FY2020 budget requests, the Trump Administration did not request OCO funding within the international affairs budget, but did request OCO funding for the Department of Defense, including for DOD aid accounts. Congress used the OCO designation for both DOD and State/USAID accounts in the FY2019 appropriation, P.L. 116-6, but a smaller portion of aid was designated as OCO compared to FY2018. It remains to be seen whether this is the beginning of a downward trend in OCO use for foreign aid.[38]

How Much of Foreign Aid Dollars Are Spent on U.S. Goods?

Congress historically sought to enhance the domestic benefits of foreign aid by requiring that most U.S. foreign aid be used to procure U.S. goods and services.[39] The conditioning of aid on the procurement of goods and services from the donor-country is sometimes called "tied aid," and while quite common for much of the history of modern foreign assistance, has become

[37] Congress included supplemental funding for counter-ISIL activities and to address humanitarian needs in an FY2017 supplemental, P.L. 114-254. In addition, a supplemental request was made for FY2014 to address the Ebola crisis and the growing ISIS threat, but additional funding for these purposes was included in the FY2015 omnibus appropriation rather than discrete supplemental legislation.

[38] For more information on OCO, see CRS Report R44519, *Overseas Contingency Operations Funding: Background and Status*, by Brendan W. McGarry and Susan B. Epstein.

[39] The "Buy America" provision of the Foreign Assistance Act of 1961 (P.L. 87-195, §604), originally required that aid procurement be made within the United States unless a detailed determination of the need to procure elsewhere was made by the President. In FY1993, Congress amended this section to allow for procurement in the United States, the recipient country, or any developing country, but in developed countries only if necessary.

increasingly disfavored in the international community.[40] Studies have shown that tying aid increases the costs of goods and services by 15%-30% on average, and up to 40% for food aid, reducing the overall effectiveness of aid flows.[41] The United States joined other donor nations in committing to reduce tied aid in the Paris Declaration on Aid Effectiveness in March 2005, and the portion of tied aid from all donors fell from 70% of total bilateral development assistance in 1985 to an average of 12% in 2016. However, an estimated 32% of U.S. bilateral development assistance was tied in 2016, the highest percentage among major donors, perhaps reflecting the perception of policymakers that maintaining public and political support for foreign aid programs requires ensuring direct economic benefit to the United States.[42] About 67% of U.S. foreign assistance funds in FY2017 were obligated to U.S.-based entities.[43]

A considerable amount of U.S. foreign assistance funds remain in the United States, through domestic procurement or the use of U.S. implementers, but the portion differs by program and is hard to identify with any accuracy. For some types of aid, the legislative requirements or program design make it relatively easy to determine how much aid is spent on U.S. goods or services, while for others, this is more difficult to determine.

- **USAID.** Most USAID funding (Development Assistance, Global Health, Economic Support Fund) is implemented through contracts, grants, and cooperative agreements with implementing partners. While many implementing partner organizations are based in the United States and employ U.S. citizens, there is little information available about what portion of the funds used for program implementation are used for goods and services provided by American firms. Procurement reform efforts initiated by USAID in 2010 have aimed to increase procurement and implementation by host country entities as a means to enhance country ownership, build local capacity, and improve sustainability of aid programs.
- **Food assistance** commodities, until recently, were purchased wholly in the United States, and generally required by law to be shipped by U.S. carriers,[44] suggesting that the vast majority of food aid expenditures are made in the United States. Starting in FY2009, a small portion of food assistance was authorized to be purchased locally and regionally to meet urgent food needs more quickly. Successive Administrations and several Members of Congress have proposed greater flexibility in the food aid program, potentially increasing aid efficiency but reducing the portion of funds flowing to U.S. farmers and shippers. To date, these proposals have been largely unsuccessful.[45]
- **Foreign Military Financing**, with the exception of certain assistance allocated to Israel, is used exclusively to procure U.S. military equipment and training.[46]

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[40] Overseas Development Institute, *The Developmental Effectiveness of Untied Aid*, available at http://oecd.org/dac/evaluation/dcdndep/41537529.pdf.

[41] Ibid.

[42] Data available at https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DCD-DAC(2018)12-REV2.en.pdf.

[43] Foreign Aid Explorer. Entities include government agencies, nongovernmental and faith-based organizations, enterprises, and universities.

[44] The Cargo Preference Act, P.L. 83-644, August 26, 1954.

[45] For more information on food aid programs and authorities, see CRS Report R45422, *U.S. International Food Assistance: An Overview*, by Alyssa R. Casey.

[46] For the research, development and procurement of advanced weapons systems, not less than $815.3 million of aid to Israel in FY2015 could be used for offshore procurement (about 14% of total Foreign Military Finance for that year).

- **Millennium Challenge Corporation.** The MCC bases its procurement regulations on those established by the World Bank, which calls for an open and competitive process, with no preference given to donor country suppliers. Between FY2011 and FY2017, the MCC awarded roughly 15% of the value of compact contracts to U.S. firms.
- **Multilateral development aid.** Multilateral aid funds are mixed with funds from other nations and the bulk of the program is financed with borrowed funds rather than direct government contributions. Information on the U.S. share of procurement financed by MDBs is unavailable.

In addition to the direct benefits derived from aid dollars used for American goods and services, many argue that the foreign aid program brings significant indirect financial benefits to the United States. For example, analysts maintain that provision of military equipment through the military assistance program and food commodities through the Food for Peace program helps to develop future, strictly commercial, markets for those products. More broadly, as countries develop economically, they are in a position to purchase more goods from abroad and the United States benefits as a trade partner. Since an increasing majority of global consumers are outside of the United States, some business leaders assert that establishing strong economic and trade ties in the developing world, using foreign assistance as a tool, is key to U.S. economic and job growth.[47]

How Does the United States Rank as a Donor of Foreign Aid?

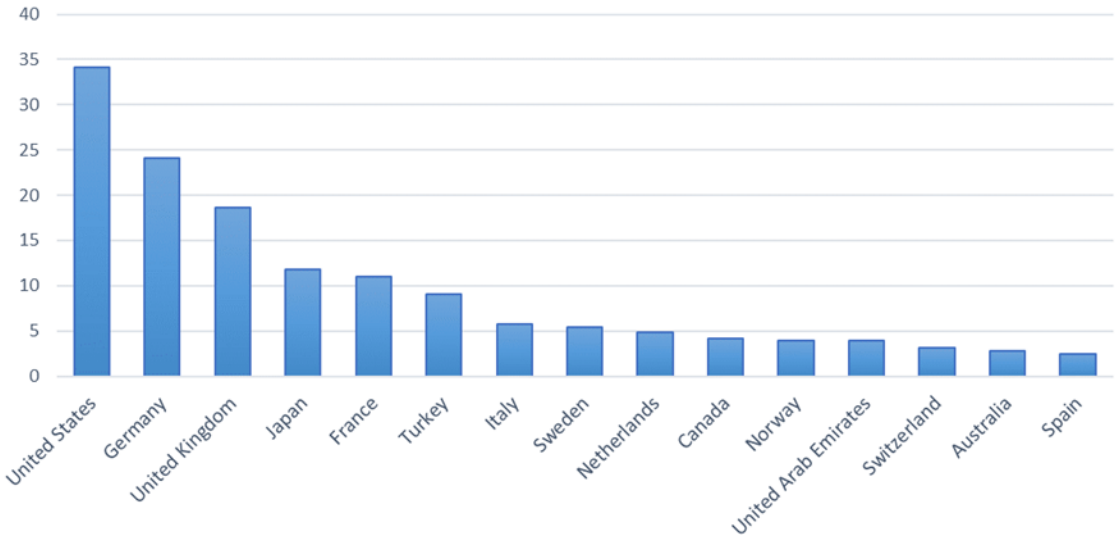
Since World War II, with the exception of several years between 1989 and 2001, during which Japan ranked first among aid donors, the United States has led the developed countries in net disbursements of economic aid, or "Official Development Assistance (ODA)" as defined by the Organization for Economic Cooperation and Development's (OECD) Development Assistance Committee (DAC).[48] In 2017, the most recent year for which data are available, the United States disbursed $34.12 billion in ODA, or about 24% of the $144.71 billion in total net ODA disbursements by DAC donors that year. Germany ranked second at $24.16 billion, the United Kingdom followed at $18.59 billion, Japan ranked fourth at $11.85 billion, and France rounded out the top donors with $11.03 billion in 2017 (see **Figure 8**). While the top five donors have not varied for more than a decade, there have been shifts lower down the ranking. For example, Turkey has become a much more prominent ODA donor in recent years (ranked 6th in 2017, with $9.08 billion in ODA, compared to 21st in 2006), reflecting large amounts of humanitarian aid to assist Syrian refugees.

[47] See "America's Global Leadership: A Strategic Investment for U.S. Jobs," U.S. Global Leadership Coalition, 2011, at http://www.usglc.org/wp-content/uploads/2011/07/USGLC-Economic-Brief.pdf.

[48] The OECD Glossary of Statistical Terms defines ODA as "flows of official financing administered with the promotion of economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25%. By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries and to multilateral institutions." ODA does not include military assistance or aid to developed countries, such as Israel and Russia.

Figure 8. Top 15 Bilateral Donors of Official Development Assistance, 2017

(in billions of dollars)



Source: OECD/DAC, preliminary data available at https://data.oecd.org/oda/net-oda.htm.

Even as it leads in dollar amounts of aid flows to developing countries, the United States often ranks low when aid is calculated as a percentage of gross national income (GNI).[49] This calculation is often cited in the context of international donor forums, as a level of 0.7% GNI was established as a target for donors in the 2000 U.N. Millennium Development Goals. In 2017, the United States ranked at the bottom among major donors at 0.18% of GNI, slightly lower than Portugal and Spain (0.18% and 0.19%, respectively). The United Arab Emirates, which has significantly increased its reported ODA in recent years, ranked first among top donors at 1.03% of GNI, followed by Sweden at 1.02% and Luxembourg at 1.00%.

There has also been an increase in ODA from non-DAC countries. Between 2000 and 2014, China spent $81.1 billion in ODA, more than tripling its ODA commitments during this period.[50] While reported Chinese ODA is still relatively small compared to that of major donor countries, policymakers are paying increasing attention to growing Chinese investments in developing countries that do not meet the ODA definition. China has touted its "Belt and Road" initiative as an effort to boost development and connectivity across as many as 125 countries to create "strategic propellers" for its own development.[51] However, China has provided little official aggregate information on the initiative, including on the number of projects, countries involved, the terms of financing, and metrics for success.

[49] Gross National Income (GNI) comprises GDP together with income received from other countries (notably interest and dividends), less similar payments made to other countries.

[50] AidData. 2017. Global Chinese Official Finance Dataset, Version 1.0. Retrieved from http://aiddata.org/data/chinese-global-official-finance-dataset.

[51] National Development and Reform Commission (NDRC), Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China (PRC), "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," First Edition, March 2015, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html.

Congress and Foreign Aid

What Congressional Committees Oversee Foreign Aid Programs?

Numerous congressional authorizing committees and appropriations subcommittees maintain responsibility for U.S. foreign assistance. Several committees have responsibility for authorizing legislation establishing programs and policy and for conducting oversight of foreign aid programs. In the Senate, the Committee on Foreign Relations, and in the House, the Committee on Foreign Affairs, have primary jurisdiction over bilateral development assistance, political/strategic and other economic security assistance, military assistance, and international organizations. Food aid, primarily the responsibility of the Agriculture Committees in both bodies, is periodically shared with the Foreign Affairs Committee in the House. U.S. contributions to multilateral development banks are within the jurisdiction of the Senate Foreign Relations Committee and the House Financial Services Committee. The large nontraditional aid programs funded by DOD, such as Nunn-Lugar Cooperative Threat Reduction programs and the military aid programs in Afghanistan and Iraq, come under the jurisdiction of the Armed Services Committees. Some global health assistance, such as research and other activities done by the Centers for Disease Control and Prevention, may fall under the jurisdiction of the House Energy and Commerce and Senate HELP committees.

Traditionally, most foreign aid appropriations fall under the jurisdiction of the SFOPS Subcommittees, with food assistance appropriated by the Agriculture Subcommittees. As noted earlier, however, certain military, global health, and other activities that have been reported as foreign aid have been appropriated through other subcommittees in recent years, including the Defense and the Labor, Health and Human Services, Education and Related Agencies subcommittees. (For current information on SFOPS Appropriations legislation, see CRS Report R45168, *Department of State, Foreign Operations and Related Programs: FY2019 Budget and Appropriations*, by Susan B. Epstein, Marian L. Lawson, and Cory R. Gill.)

What Are the Major Foreign Aid Legislative Vehicles?

The most significant permanent foreign aid authorization laws are the Foreign Assistance Act of 1961, covering most bilateral economic and security assistance programs (P.L. 87-195; 22 U.S.C. 2151); the Arms Export Control Act (1976), authorizing military sales and financing (P.L. 90-629; 22 U.S.C. 2751); the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), covering food aid (P.L. 83-480; 7 U.S.C. 1691); and the Bretton Woods Agreement Act (1945), authorizing U.S. participation in multilateral development banks (P.L. 79-171; 22 U.S.C. 286).[52] In the past, Congress usually scheduled debates every two years on omnibus foreign aid legislation that amended these permanent authorization measures. Congress has not enacted into law a comprehensive foreign assistance authorization measure since 1985, although foreign aid authorizing bills have passed the House or Senate, or both, on numerous occasions. Foreign aid bills have frequently stalled at some point in the debate because of controversial issues, a tight legislative calendar, or executive-legislative foreign policy disputes.[53] In contrast, DOD assistance is authorized in annual National Defense Authorization legislation.

[52] Separate permanent authorizations exist for other specific foreign aid programs such as the Peace Corps, the Millennium Challenge Corporation, the Inter-American Foundation, and the African Development Foundation.

[53] A few foreign aid programs that are authorized in other legislation have received more regular legislative review. Authorizing legislation for voluntary contributions to international organizations and refugee programs, for example,

In lieu of approving a broad State Department/USAID authorization bill, Congress has on occasion authorized major foreign assistance initiatives for specific regions, countries, or aid sectors in stand-alone legislation or within an appropriation bill. Among these are the SEED Act of 1989 (P.L. 101-179; 22 U.S.C. 5401); the FREEDOM Support Act of 1992 (P.L. 102-511; 22 U.S.C. 5801); the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (P.L. 108-25; 22 U.S.C. 7601); the Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008 (P.L. 110-293); the Millennium Challenge Act of 2003 (Division D, Title VI of P.L. 108-199); the Enhanced Partnership With Pakistan Act of 2009 (P.L. 111-73; 22 U.S.C. 8401); the Global Food Security Act of 2016 (P.L. 114-195; 22 U.S.C. 9306), and the BUILD Act (P.L. 115-254).

In the absence of regular enactment of foreign aid authorization bills, appropriation measures considered annually within the SFOPS spending bill have assumed greater significance for Congress in influencing U.S. foreign aid policy. Not only do appropriations bills set spending levels each year for nearly every foreign assistance account, SFOPS appropriations also incorporate new policy initiatives that would otherwise be debated and enacted as part of authorizing legislation.

are usually contained in omnibus Foreign Relations Authorization measures that also address State Department and public diplomacy issues. Food aid and amendments to the Food for Peace Act (P.L.480) are usually considered in the omnibus "farm bill" that Congress re-authorizes every five years. The most recent farm bill was signed into law as P.L. 115-334 on December 20, 2018.

Appendix A. Data Table

Table A-1. Foreign Aid Funding Trends (Obligations)

Fiscal Year	Current U.S. $	Constant 2017 U.S. $	As % of GDP	As % of total budget authority	As % of discretionary budget authority
1946	3,075,702,000	31,685,057,707	1.3%	—	—
1947	6,708,001,000	62,341,381,008	2.8%	—	—
1948	3,179,504,000	26,995,923,898	1.2%	—	—
1949	8,300,704,000	68,222,731,572	3.0%	—	—
1950	5,971,296,000	49,801,930,696	2.1%	—	—
1951	7,612,560,000	60,244,776,307	2.3%	—	—
1952	6,813,953,000	51,854,870,602	1.9%	—	—
1953	4,979,870,000	37,220,575,967	1.3%	—	—
1954	4,767,778,000	35,216,117,099	1.2%	—	—
1955	4,097,382,000	30,028,867,690	1.0%	—	—
1956	4,847,691,000	34,629,428,561	1.1%	—	—
1957	4,871,415,000	33,547,751,927	1.0%	—	—
1958	4,014,661,000	26,830,091,057	0.8%	—	—
1959	5,074,241,000	33,397,785,415	1.0%	—	—
1960	5,218,274,000	33,872,323,071	1.0%	—	—
1961	5,480,911,000	35,093,357,067	1.0%	—	—
1962	6,532,295,000	41,402,953,319	1.1%	—	—
1963	6,384,723,000	39,974,379,298	1.0%	—	—
1964	5,265,148,000	32,567,836,638	0.8%	—	—
1965	5,420,680,000	32,952,719,008	0.8%	—	—
1966	6,904,358,000	41,088,019,877	0.9%	—	—
1967	6,339,162,000	36,606,474,125	0.8%	—	—
1968	6,757,250,000	37,729,092,008	0.8%	—	—
1969	6,639,256,000	35,441,772,333	0.7%	—	—
1970	6,513,214,000	32,992,304,515	0.6%	—	—
1971	7,792,876,000	37,571,370,175	0.7%	—	—
1972	8,986,908,000	41,369,062,032	0.7%	—	—
1973	9,428,685,000	41,589,995,775	0.7%	—	—
1974	8,479,202,000	34,933,817,656	0.6%	—	—
1975	6,886,787,000	25,711,126,495	0.4%	—	—
1976[a]	9,609,495,000	33,284,214,103	0.4%	1.9%	4.0%
1977	7,756,101,000	25,259,855,160	0.4%	1.7%	3.1%
1978	8,999,414,000	27,464,860,284	0.4%	1.8%	3.5%

Fiscal Year	Current U.S. $	Constant 2017 U.S. $	As % of GDP	As % of total budget authority	As % of discretionary budget authority
1979	13,837,318,000	39,084,111,649	0.5%	2.5%	5.0%
1980	9,681,780,000	25,158,380,265	0.3%	1.4%	3.1%
1981	10,517,411,000	24,891,573,133	0.3%	1.4%	3.1%
1982	12,166,665,000	26,944,048,825	0.4%	1.5%	3.4%
1983	13,836,455,000	29,353,440,574	0.4%	1.6%	3.6%
1984	14,864,489,000	30,459,399,856	0.4%	1.6%	3.5%
1985	18,106,876,000	35,911,864,806	0.4%	1.8%	4.0%
1986	15,815,716,000	30,668,051,902	0.3%	1.6%	3.6%
1987	13,872,898,000	26,313,799,981	0.3%	1.3%	3.1%
1988	13,963,153,000	25,653,973,667	0.3%	1.3%	3.1%
1989	14,443,414,000	25,519,859,553	0.3%	1.2%	3.1%
1990	16,002,892,763	27,289,677,243	0.3%	1.2%	3.2%
1991	16,959,737,549	27,930,923,055	0.3%	1.2%	3.1%
1992	15,725,968,425	25,280,109,424	0.2%	1.1%	3.0%
1993	16,549,513,930	25,986,668,996	0.2%	1.1%	3.2%
1994	16,202,682,387	24,898,900,438	0.2%	1.1%	3.2%
1995	15,555,497,616	23,407,813,405	0.2%	1.0%	3.1%
1996	14,457,039,252	21,356,732,089	0.2%	0.9%	2.9%
1997	13,909,513,423	20,191,574,951	0.2%	0.8%	2.7%
1998	14,922,848,713	21,398,694,773	0.2%	0.9%	2.8%
1999	18,323,182,974	25,945,406,727	0.2%	1.0%	3.1%
2000	17,111,919,619	23,736,565,995	0.2%	0.9%	2.9%
2001	16,029,347,097	21,715,134,357	0.2%	0.8%	2.4%
2002	19,068,690,858	25,421,171,998	0.2%	0.9%	2.6%
2003	29,463,736,942	38,542,619,730	0.3%	1.3%	3.5%
2004	32,576,160,368	41,584,004,039	0.3%	1.4%	3.6%
2005	35,460,524,293	43,887,787,241	0.3%	1.4%	3.6%
2006	37,254,519,154	44,655,634,420	0.3%	1.3%	3.7%
2007	39,726,329,570	46,359,691,194	0.3%	1.4%	3.7%
2008	46,746,849,295	53,443,210,964	0.3%	1.4%	4.0%
2009	46,642,929,131	52,711,174,496	0.3%	1.1%	3.1%
2010	48,398,029,100	54,217,498,471	0.3%	1.4%	3.8%
2011	48,975,640,476	53,771,855,947	0.3%	1.4%	4.0%
2012	50,061,970,240	53,978,658,856	0.3%	1.4%	4.2%
2013	45,674,371,134	48,429,918,230	0.3%	1.3%	4.0%
2014	43,110,896,643	44,894,603,557	0.3%	1.2%	3.8%

Fiscal Year	Current U.S. $	Constant 2017 U.S. $	As % of GDP	As % of total budget authority	As % of discretionary budget authority
2015	49,477,783,993	50,910,355,842	0.3%	1.3%	4.4%
2016	49,937,847,855	50,796,365,608	0.3%	1.3%	4.3%
2017	49,869,786,660	49,869,786,660	0.3%	1.2%	4.1%

Sources: USAID Explorer; Office of Management and Budget Historic Budget Tables, FY2019; CRS calculations.

Notes: Budget authority data by function are not available prior to FY1976.

a. FY1976 includes both regular FY1976 and transition quarter (TQ) funding, and the GDP calculation is based on the average FY1976 and TQ GDP.

Appendix B. Common Foreign Assistance Abbreviations

AEECA	Assistance to Europe, Eurasia, and Central Asia
CERP	Commanders Emergency Response Program
DA	Development Assistance
DAC	Development Assistance Committee of the OECD
DOD	Department of Defense
ERMA	Emergency Refugee and Migration Assistance
ESF	Economic Support Fund
FAA	Foreign Assistance Act of 1961
FMF	Foreign Military Financing
FSA	FREEDOM (Freedom for Russia and Emerging Eurasian Democracies and Open Markets) Support Act of 1992
GDP	Gross Domestic Product
GNI	Gross National Income
HHS	Department of Health and Human Services
HIPC	Heavily Indebted Poor Country
IBRD	World Bank, International Bank for Reconstruction and Development
IDA	World Bank, International Development Association
IDA	International Disaster Assistance
IMET	International Military Education and Training
IMF	International Monetary Fund
INCLE	International Narcotics Control and Law Enforcement
INL	State's Office of International Narcotics and Law Enforcement
IO&P	International Organizations and Programs account
MCC	Millennium Challenge Corporation
MDBs	Multilateral Development Banks
MDRI	Multilateral Debt Relief Initiative
MRA	Migration and Refugees Assistance
NADR	Non-Proliferation, Anti-Terrorism, Demining and Related Programs
NED	National Endowment for Democracy
NGO	Nongovernmental Organization
OCO	Overseas Contingency Operations
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OFDA	Office of Foreign Disaster Assistance

OGAC	Office of the Global AIDS Coordinator
OHDACA	DOD's Overseas Humanitarian, Disaster and Civic Assistance account
OMB	Office of Management and Budget
OPIC	Overseas Private Investment Corporation
OTI	Office of Transition Initiatives
PEPFAR	President's Emergency Plan for AIDS Relief
PKO	Peacekeeping Operations account
P.L. 480	Food for Peace/Food Aid
PVO	Private Voluntary Organization
SEED	Support for East European Democracy Act of 1989
TDA	U.S. Trade and Development Agency
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
USAID	U.S. Agency for International Development

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