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

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Foreign assistance is the largest component of the international affairs budget and is viewed by many Members of Congress 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 objectives 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, some Americans and Members of Congress view foreign aid as an expense that the United States cannot afford given current budget deficits and competing budget priorities.

In FY2019, U.S. foreign assistance, defined broadly, totaled an estimated $48.18 billion, or 1% of total federal budget authority. About 41% of this assistance was for bilateral economic development programs, including strategic economic assistance; 35% for military and nonmilitary security assistance; 20% for humanitarian activities; and 4% to support the work of multilateral institutions. Assistance can take the form of cash transfers, equipment and commodities, infrastructure, education and training, 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 nearly 23% of total official development assistance from major donor governments in 2019 (the latest year for which these data are available).

Key foreign assistance trends since 2001 include growth in development aid, particularly global health programs; increased security assistance directed toward U.S. allies for anti-terrorism efforts; and high levels of humanitarian assistance to address a range of crises. Adjusted for inflation, annual foreign assistance funding since FY2003 has been higher than in any period since the Marshall Plan was implemented in the years immediately following World War II. In FY2019, Afghanistan, Israel, Jordan, Egypt, and Iraq received the largest amounts of U.S. assistance, reflecting long-standing 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. Sub-Saharan Africa and the Middle East and North Africa regions each received 25% of assistance allocated by country or region in FY2019, followed by South and Central Asia, at 14%.

This report provides an overview of U.S. foreign assistance 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 R46935, Department of State, Foreign Operations, and Related Programs: FY2022 Budget and Appropriations, by Cory R. Gill, Marian L. Lawson, and Emily M. Morgenstern.
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Foreign Assistance: An Introduction to U.S. Programs and Policy

U.S. foreign assistance (also commonly called foreign aid—the two terms are used interchangeably in this report) is the largest component of the international affairs budget, for decades viewed by many Members of Congress as an essential instrument of U.S. foreign policy. Since the European Recovery Program (better known as the Marshall Plan) helped rebuild Europe after World War II in an effort to bolster the economy of postwar Europe, prevent the expansion of communism, and jumpstart world trade, U.S. foreign assistance programs have continually evolved to reflect changing foreign policy strategy, global challenges, and U.S. domestic priorities. The Cold War emphasis on containing communism was replaced by regional development priorities and a focus on counter-narcotics assistance in the 1990s. After the terrorist attacks of September 11, 2001, a large portion of U.S. assistance focused on counterterrorism programs and efforts related to U.S. military interventions in Iraq and Afghanistan. At the same time, global health assistance expanded significantly to address the global HIV/AIDS epidemic. More recently, foreign assistance policy has focused on strategic competition with China and Russia and addressing protracted global humanitarian crises. Each year, Congress considers the size, composition, and purpose of foreign assistance programs, primarily through the appropriations process.

This report addresses a number of the more frequently asked questions regarding U.S. foreign assistance; its objectives, costs, and organization; the role of Congress; and how it compares to those of other aid donors. The report attempts not only to present a current snapshot of U.S. 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 FY2019. Dollar amounts come from a variety of sources, including ForeignAssistance.gov and annual Department of State, Foreign Operations, and Related Programs (SFOPS) appropriations acts. The report will be revised as new data are obtained or additional issues and questions arise.

Foreign assistance abbreviations used in this report are listed in Appendix B.

How Is “U.S. Foreign Assistance” Defined and Counted?

In its broadest sense, U.S. foreign assistance, or foreign aid, is defined under the Foreign Assistance Act of 1961 (P.L. 87-195, as amended, FAA), the primary legislative basis of these programs, as

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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. U.S. trade policy—through free trade agreements and Export-Import Bank financing, 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.

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))

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 measure (currently within the Department of State, Foreign Operations and Related Programs [SFOPS] appropriations measure) and the international food aid title of the Agriculture appropriations measure.\(^3\) In the U.S. federal budget, the 150 (international affairs) budget function has subsumed these traditional foreign assistance accounts.\(^4\) The SFOPS bill and Function 150 budget also include State Department diplomatic and related programs, which are not considered foreign assistance.

By the 1990s, it became increasingly apparent that the scope of U.S. foreign assistance 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 respective budgets and commonly in the form of professional exchanges with counterpart agencies abroad. These assistance efforts, conducted outside the purview of the traditional foreign aid authorization 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. In the wake of the September 11, 2001 terrorist attacks on the United States, and the subsequent U.S. invasions of Iraq and Afghanistan, DOD-funded and implemented aid programs in Iraq and Afghanistan to train and equip foreign forces, complemented by development efforts to “win hearts and minds” of local populations, have at times been considerably larger than other military and development assistance programs provided under the foreign operations appropriations measure.

While the executive branch requests and Congress debates most foreign aid within the parameters of the SFOPS appropriations measure, both branches of government have sought to ascertain a fuller picture of assistance programs through improved data collection and reporting. Significant discrepancies remain between data available for different 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.

\(^3\) 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, \textit{Department of State and Foreign Operations Appropriations: History of Legislation and Funding in Brief}, by Emily M. Morgenstern.

\(^4\) The President’s budget and the congressional budget resolution classify federal budgetary activities into functional and subfunctional categories that represent the major purposes of the federal government.
A Note on Data and Sources

Foreign assistance data are available from a variety of sources, each with limitations. This report uses data from two sources:

- The State Department’s ForeignAssistance.gov database, which uses the FAA definition of aid and includes reporting from 30 agencies, including the Departments of Defense, Energy, Health and Human Services, among others. Stretching back to 1946, with program sector breakdowns from 2001 forward, this is currently the most comprehensive source of U.S. foreign aid data. ³

- **Official Development Assistance (ODA),** reported by the Organization for Economic Cooperation and Development (OECD, an international organization with 36 members, including the United States), differs from the FAA assistance definition primarily in that it excludes all military assistance and aid to developed countries. This is the most comprehensive source of aid data that includes all major donor countries and allows for comparison across donors.

The choice of these sources reflects an effort to ensure consistency in calculations, but disparities between these sources exist due to differing definitions of foreign assistance, as noted above, and to reporting timeframes. ForeignAssistance.gov reports funds by fiscal year, while ODA figures are reported by calendar year. To minimize confusion, this report uses aid obligation data from ForeignAssistance.gov wherever possible. ODA data are used only in the section comparing U.S. assistance levels to those of other donor countries.

Agencies and donor countries report assistance after it has been obligated or disbursed, not appropriated. For this reason, there is a lag in data reporting such that at the start of FY2022, the most recent comprehensive data in ForeignAssistance.gov is from FY2019 and the OECD’s ODA data are updated through calendar year 2019.

Agency reporting practices may also be inconsistent or incomplete. Many Defense Department security cooperation program expenditures, for example, are made confidential in the interests of national security, and others may be classified as joint military cooperation, rather than assistance. For more recent data on foreign aid funded through the SFOPS appropriation—including FY2021 enacted funding—see CRS Report R46935, Department of State, Foreign Operations, and Related Programs: FY2022 Budget and Appropriations, by Cory R. Gill, Marian L. Lawson, and Emily M. Morgenstern.

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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 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.** The predominant theme of U.S. assistance programs has been national security. While rebuilding Europe after World War II under the Marshall Plan (1948-1951) and throughout the Cold War, policymakers viewed U.S. aid programs as a way to prevent the incursion of communist influence and secure U.S. base rights or other support in the anti-Soviet struggle. More recently, after the September 11, 2001, terrorist attacks in the United States, policymakers frequently cast foreign assistance as a tool in U.S. counterterrorism strategy. The national security rationale is sometimes interpreted broadly, to include not only military threats against the United States but physical threats to Americans’ welfare—including pandemics and illicit narcotics.

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³ Greenbook data, now available as part of ForeignAssistance.gov, provides aid obligation data by broad accounts from 1946 to 2013 and program sector breakdowns from 2001 to 2013.
- **Commercial Interests.** Foreign assistance has long been defended as a way to either promote U.S. exports by creating new customers for U.S. goods and services or by improving the global economic environment in which U.S. companies compete. Among the objectives of the aforementioned Marshall Plan was to reestablish the capacity of European countries to trade with the United States.

- **Humanitarian Concerns.** Humanitarian concerns drive both short-term assistance in response to crises and disasters as well as long-term development assistance aimed at reducing poverty, fighting disease, and other forms of human suffering brought on by more systemic problems. Humanitarian concern has generally been the aid rationale most broadly supported by the American public and policymakers alike. Generally, agencies define “humanitarian assistance” as responding to short-term crises, while “development assistance” refers to long-term development aims.

### Objectives of Foreign Aid

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.\(^6\) 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. The foreign aid tracking database (Foreignassistance.gov) currently provides a more complete picture of funds obligated for each objective from all parts of the U.S. government (see **Table 1**).

**Table 1. U.S. Foreign Assistance from All Sources, by Objective and Program Area: FY2019**

<table>
<thead>
<tr>
<th>Aid Objectives and Program Areas</th>
<th>FY2019</th>
<th>Aid Objectives and Program Areas</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peace and Security</td>
<td>16,109.0</td>
<td>Investing in People</td>
<td>9,273.16</td>
</tr>
<tr>
<td>Counterterrorism</td>
<td>507.63</td>
<td>Health</td>
<td>8,317.53</td>
</tr>
<tr>
<td>Combating Weapons of Mass Destruction</td>
<td>727.68</td>
<td>Education</td>
<td>934.20</td>
</tr>
<tr>
<td>Stabilization/Security Sector Reform</td>
<td>11,937.29</td>
<td>Social Services and Assistance</td>
<td>21.43</td>
</tr>
<tr>
<td>Counternarcotics</td>
<td>48.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transnational Crime</td>
<td>165.59</td>
<td><strong>Governing Justly &amp; Democratically</strong></td>
<td>3,000.16</td>
</tr>
<tr>
<td>Conflict Mitigation</td>
<td>488.76</td>
<td>Rule of Law &amp; Human Rights</td>
<td>1,635.55</td>
</tr>
<tr>
<td>Peace and Security - General</td>
<td>2,233.48</td>
<td>Good Governance</td>
<td>719.07</td>
</tr>
</tbody>
</table>

\(^6\) 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, Assistance to Europe, Eurasia, and Central Asia (AEECA), Economic Support Fund (ESF), International Narcotics Control and Law Enforcement (INCLE), and Democracy Fund accounts, as well as by various programs run through other agencies (i.e., those outside of the Department of State, USAID, and the Department of Defense).
<table>
<thead>
<tr>
<th>Aid Objectives and Program Areas</th>
<th>FY2019</th>
<th>Aid Objectives and Program Areas</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting Economic Growth</td>
<td>4,224.83</td>
<td>Political Competition</td>
<td>216.10</td>
</tr>
<tr>
<td>Macroeconomic Growth</td>
<td>1,096.35</td>
<td>Civil Society</td>
<td>347.31</td>
</tr>
<tr>
<td>Trade &amp; Investment</td>
<td>146.69</td>
<td>Democracy and Governance - General</td>
<td>7.68</td>
</tr>
<tr>
<td>Financial Sector</td>
<td>69.65</td>
<td>Policies, Regulations, and Systems</td>
<td>74.47</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>942.69</td>
<td>Humanitarian Assistance</td>
<td>9,369.58</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1,118.69</td>
<td>Protection, Assistance &amp; Solutions</td>
<td>8,904.09</td>
</tr>
<tr>
<td>Private Sector Competitiveness</td>
<td>371.79</td>
<td>Disaster Readiness</td>
<td>215.21</td>
</tr>
<tr>
<td>Economic Opportunity</td>
<td>34.49</td>
<td>Humanitarian Assistance - General</td>
<td>250.28</td>
</tr>
<tr>
<td>Environment</td>
<td>372.84</td>
<td>International Contributions</td>
<td>377.29</td>
</tr>
<tr>
<td>Labor, Mining, Manufacturing</td>
<td>71.65</td>
<td>Program Management</td>
<td>3,285.81</td>
</tr>
<tr>
<td>Multi-Sector</td>
<td></td>
<td>Multi-Sector</td>
<td>1,634.54</td>
</tr>
</tbody>
</table>

**Source:** Foreignassistance.gov and CRS calculations.

**Note:** Figures represent net obligations, including de-obligated funds. A similar framework table is included in annual SFOPS congressional budget justifications, and includes only funding in the international affairs (function 150) budget.

Characterizing aid in this way may provide an incomplete picture, as there is considerable overlap among aid categories and purposes. A health project directed at alleviating the effects of HIV/AIDS by feeding orphan children, for example, may also stimulate grassroots democracy and civil society through support of local NGOs. Microcredit programs that support small business development may at the same time enable client entrepreneurs to provide food and education to their children. Water and sanitation improvements may 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. This framework also does not capture “cross-cutting” priorities, such as gender equality, youth empowerment, resilience to future threats, and use of science and technology.

**What Are the Major Foreign Aid Funding Categories and Accounts?**

The framework used by the Department of State since 2006 organizes assistance by strategic objective and sector. But there are many other ways to categorize foreign aid, one of which is according to the types of activities foreign aid accounts are expected to support, using broad categories including bilateral development, multilateral development, humanitarian assistance, strategic economic support, and security and military activities. Such broad categories are used, with some variation, in the title structure of SFOPS appropriations legislation, and can be applied to the international food aid title of the Agriculture appropriations as well as to DOD and other government agency assistance programs. **Figure 1** shows total FY2019 (the most recent year for which complete data are available) foreign assistance obligations from all government agencies categorized this way.
Bilateral Development Assistance

For FY2019, U.S. government departments and agencies obligated about $14.6 billion for bilateral development assistance (31% of total foreign aid), which is generally intended to improve the economic development and welfare of poor countries. USAID and the State Department jointly administer the majority of bilateral development assistance accounts, including the Development Assistance (DA) and Global Health Programs (GHP) accounts and USAID’s Operating Expenses account. Other bilateral development assistance accounts support the development efforts of distinct agencies, such as the Peace Corps, Inter-American Foundation (IAF), Millennium Challenge Corporation (MCC), and the U.S. International Development Finance Corporation (DFC), among others. The Secretary of State supervises all bilateral foreign assistance funding under SFOPS appropriations, though the mechanism differs by agency: either through direct programming (Democracy Fund; Global Health-State); supervision of the agency’s leadership (USAID); membership in agency leadership (MCC; DFC); and overall guidance of U.S. foreign policy (Peace Corps).

By far the largest portion of bilateral development assistance is devoted to global health. These programs support objectives such as improving maternal and child health, increasing access to family planning and reproductive health services, and strengthening the government health systems that provide care. Since March 2020, addressing the Coronavirus Disease 2019 (COVID-19) pandemic in developing countries has become a global health priority. The largest share of global health funding, however, is directed toward treating and combatting the spread of HIV/AIDS, malaria, and tuberculosis. These funds are largely 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.7

Bilateral development assistance programs also aim to foster sustainable broad-based economic growth, social stability, and effective governance in developing countries. USAID largely manages this aid to fund long-term projects in a wide range of areas:

- Agriculture programs focus on reducing poverty and hunger, promoting trade opportunities for farmers, enabling economic growth, and encouraging sound environmental practices for sustainable agriculture. This includes Food for Peace Act (FFPA) funds used to provide nonemergency food commodities for development-oriented purposes and send hundreds of U.S. volunteers as technical advisors to train farm and food-related groups throughout the world.8

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7 For more information on global health assistance, see CRS Report R43115, U.S. Global Health Appropriations: FY2001-FY2019, by Tiaji Salaam-Blyther, and CRS In Focus IF11758, U.S. Global Health Funding: FY2017-FY2022 Request, by Tiaji Salaam-Blyther.

8 For more information on international food aid programs, see CRS Report R45422, U.S. International Food Assistance: An Overview, by Alyssa R. Casey and Emily M. Morgenstern.
- Private sector development programs, including support for business associations; micro, small, and medium enterprises; and economic policymaking.

- Programs for managing natural resources and protecting the global environment, with a focus on conserving biodiversity; improving the management of land, water, and forests; encouraging clean and efficient energy production and use; and reducing, mitigating, and adapting to the threat of global climate change.

- Programs with the objective of “governing justly and democratically,” which 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,” including support for basic, secondary, and higher education; improving government ability to provide social services; water and sanitation; and health care.

### Multilateral Development Assistance

A share of U.S. foreign assistance—4% ($1.8 billion) in FY2019—is provided to finance multilateral development efforts. Multilateral development assistance often supports programs and objectives similar to those funded through bilateral development assistance, but is channeled through organizations and mechanisms that combine U.S. funds with contributions from other donor nations to share the costs of development activities, drawing on a wider range of development experience and perspectives. Multilateral aid is funded largely through the International Organizations and Programs (IO&P) account and individual accounts for each of the Multilateral Development Banks (MDBs) within the SFOPS appropriation. Multilateral Development Banks are international institutions that provide loans, grants, and technical assistance to developing countries to aid their economic and social development.

The multilateral approach to aid gives the United States less control over how assistance funds are used compared to bilateral economic assistance, though it also affords the United States a voice in such multilateral efforts. In determining U.S. contributions to the various multilateral institutions, the United States faces the challenge of finding the right balance between the benefits of burden sharing and the constraints of shared control. Policymakers may also consider the strategic implications of U.S. funding levels relative to those of other donors, as funding may be commensurate with influence in some multilateral fora.

In FY2019, the United States contributed to the United Nations Children’s Fund (UNICEF), the United Nations Development Program (UNDP), and MDBs, such as the World Bank, among other multilateral organizations and initiatives. The U.S. share of donor contributions to each of these entities varies widely.

### Humanitarian Assistance

Unlike development assistance programs, which are often viewed as long-term efforts, humanitarian assistance programs are devoted largely to the immediate alleviation of human suffering caused by both natural and human-induced disasters, including conflict associated with failed or failing states. For FY2019, obligations for humanitarian assistance programs amounted

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9 This aid is distinct from U.S. dues (assessed contributions) paid to multilateral organizations such as the United Nations, which are not considered foreign assistance. It is also distinct from bilateral assistance that may be implemented by multilateral agencies under a contract or cooperative agreement with a U.S. agency.

10 For more information on the MDBs, see CRS Report R41170, Multilateral Development Banks: Overview and Issues for Congress, by Rebecca M. Nelson.
to $9.6 billion, or 20% of total foreign assistance. USAID manages the largest portion of humanitarian assistance through the International Disaster Assistance (IDA) account, which provides relief and rehabilitation to victims of human-induced and natural disasters. Recent responses have addressed needs arising from the economic and social dislocations resulting from the ongoing crises in Syria, Yemen, and Venezuela, as well as immediate humanitarian needs stemming from the COVID-19 pandemic. A portion of IDA is used for food assistance through the Emergency Food Security Program.

Additional humanitarian assistance is 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 migrants, 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 also provides disaster relief under the Overseas Humanitarian, Disaster, and Civic Assistance (OHDACA) account of the DOD appropriations. Such relief may include logistics support and transportation for humanitarian supplies, addressing hazards to humanitarian delivery such as landmines and other unexploded explosive ordnance, and search and rescue operations, among others.

Approximately 83% of FFPA Title II Agriculture appropriations—nearly $1.5 billion in obligations in FY2019—are used by USAID to address emergency humanitarian needs, mostly to purchase U.S. agricultural commodities to supplement both refugee and disaster assistance programs.

**Strategic Economic Assistance**

A few accounts provide economic assistance intended to support U.S. political and strategic interests rather than development or humanitarian goals. Programs funded through the Economic Support Fund (ESF) account may be indistinguishable from those funded through other development assistance accounts, but are implemented in countries of strategic significance to the United States, and often intended to promote the political and economic stability of U.S. allies. ESF also provides direct budget support to foreign governments and to support sovereign loan guarantees. For FY2019, USAID and the State Department obligated $4.1 billion, nearly 9% of total foreign 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 FY1999, for example, 85% of ESF went to Israel, Egypt, the West Bank, and Jordan. Those proportions have been significantly lower in recent decades. In FY2009, 28% of ESF funding went to these countries and, in FY2019, 26%. Since the September 2001 terrorist attacks, ESF has largely supported countries key to U.S. global counterterrorism efforts such as Iraq and Afghanistan. In FY2009, for example, activities in Iraq and Afghanistan received 46% of ESF funding; that level fell to 24% in FY2019, in line with decreased U.S. military presence.

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11 For further information on humanitarian programs, see CRS In Focus IF10568, *Overview of the Global Humanitarian and Displacement Crisis*, by Rhoda Margesson.

12 Until FY1998, food provided commercially under long-term, low-interest loan terms (Title I of the Food for Peace Act [sometimes referred to as P.L. 480]) was also included in the foreign assistance account. Because of its export focus, it is no longer considered foreign aid. For more information on food aid programs, see CRS Report R45422, *U.S. International Food Assistance: An Overview*, by Alyssa R. Casey and Emily M. Morgenstern. For more information on the distribution of FFPA Title II funds for FY2019, see USAID’s *International Food Assistance Report for FY2019*.

13 USAID estimates that over 90% of ESF funds are implemented by USAID for development purposes.
Over the years, Congress has established other accounts to meet specific strategic interests (some have since been dissolved or reorganized once the need was met). One example is the Assistance to Europe, Eurasia, and Central Asia (AEECA) account, established in FY2009 to combine two aid programs that arose from the demise of the Soviet empire to help Central Europe and the newly independent states of the former Soviet Union achieve democratic systems and free market economies. Congress briefly retired the account before reestablishing it in the wake of Russian incursions in the independent states. USAID’s Transition Initiatives account also focuses largely on strategic goals, supporting civil society, free media, and inclusive governance in countries and communities in political transition. Certain entities funded through SFOPS, such as the National Endowment for Democracy, also align with strategic aims through promoting U.S. values. Similarly, the State Department’s Democracy Fund is driven in part by efforts to advance U.S. foreign policy goals. Additionally, recent SFOPS legislation has directed funds from several development and security assistance accounts to address specific strategic priorities, including the Countering Russian Influence Fund, the Countering Chinese Influence Fund, and the Indo-Pacific Strategy.

In the recent past, several DOD-funded aid programs directed at Afghanistan also provided economic assistance with largely strategic objectives. 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 existed until the U.S. withdrawal from the country. The latter two programs had earlier iterations as well in Iraq.

**Security Assistance**

In addition to development aid, certain U.S. foreign assistance accounts seek to advance specific U.S. national security aims, including strengthening military and law enforcement capacities of U.S. partners, countering the flows of illicit products such as nuclear materials and narcotics, and supporting peacekeeping operations in fragile states.

**Nonmilitary Security Assistance**

Several U.S. assistance accounts 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, by bolstering the law enforcement capabilities of foreign partners. In the past two decades, policymakers have increased support for these programs. In FY2019, these programs amounted to $2.8 billion, or 6% of total assistance. Nonmilitary bilateral security assistance includes two major objectives: strengthening the justice sector in developing countries, including countering narcotics production and trade, and mitigating the spread of certain weapons.

The State Department is the main administrator of nonmilitary counternarcotics programs. The State-managed International Narcotics Control and Law Enforcement (INCLE) account supports counternarcotics activities, most notably in Afghanistan, Pakistan, Peru, and Colombia. Programs funded under INCLE also help develop the judicial systems—assisting judges, lawyers, and legal institutions—of many developing countries. DOD and USAID also support counternarcotics activities, the former largely by providing training and equipment, the latter by offering

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14 DOD also funds counternarcotics programs to support foreign militaries involved in counternarcotics efforts, but the State Department is designated to oversee counternarcotics support to civilian law enforcement entities.
alternative crop and employment programs (which generally are considered bilateral development assistance).\textsuperscript{15}

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, and land mines. Originally aimed at the former Soviet Union under the rubric of cooperative threat reduction (CTR), these programs sought to secure such weapons and prevent their spread to rogue nations or terrorist groups.\textsuperscript{16} While CTR is provided through Defense appropriations, the State Department manages the Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) account, which provides for nonproliferation efforts and encompasses civilian anti-terrorism efforts such as detecting and dismantling terrorist financial networks, establishing watch-list systems at border controls, and building partner country anti-terrorism capacities. NADR also funds humanitarian demining programs.

\textit{Military Assistance}

U.S. military assistance provides defense articles and equipment, military training, and other defense-related services to the national-level security forces of U.S. allies and partners. At $13.9 billion, military assistance accounted for about 29% of total U.S. foreign aid in FY2019. The Department of State administers three accounts that fund programs implemented by DOD’s Defense Security Cooperation Administration: Foreign Military Financing (FMF), International Military Education and Training (IMET), and Peacekeeping Operations (PKO). Other military assistance is funded and implemented directly by DOD.

The bulk of military assistance is used to train and equip foreign militaries. FMF, by far the largest of these three State-managed military assistance accounts, provides primarily grant assistance to foreign governments for the purchase of U.S. defense equipment and military training under the Foreign Military Sales program.\textsuperscript{17} FMF supports U.S. foreign policy and the U.S. defense industry, while helping ensure the interoperability of weapons systems among allies and partners. In FY2019, FMF assistance primarily supported the security needs of Israel, Egypt, Jordan, and Pakistan. Since 2002, DOD appropriations have also 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. DOD also funds train and equip efforts under a global capacity-building program.\textsuperscript{18}

PKO funds are used to support voluntary peacekeeping, humanitarian, and counterterrorism operations, including those not sponsored by the United Nations. PKO also funds capacity-building of U.S. allies and partners in stabilization, conflict resolution, and counterterrorism.

\textsuperscript{15} For more information on counternarcotics efforts, see CRS Report RL34543, \textit{International Drug Control Policy: Background and U.S. Responses}, by Liana W. Rosen.

\textsuperscript{16} For further information on nonproliferation efforts, see CRS Report R43143, \textit{The Evolution of Cooperative Threat Reduction: Issues for Congress}, by Mary Beth D. Nikitin and Amy F. Woolf.

\textsuperscript{17} In the past, FMF has also been provided as loans. While reverting to lending has been proposed, Congress has not adopted such a change. For more information on the Foreign Military Sales program, see CRS In Focus IF11437, \textit{Transfer of Defense Articles: Foreign Military Sales (FMS)}, by Nathan J. Lucas and Michael J. Vassalotti.

\textsuperscript{18} For further information on DOD security cooperation, see CRS In Focus IF11677, \textit{Defense Primer: DOD “Title 10” Security Cooperation}, by Christina L. Arabia.
PKO supports both regional initiatives, such as training for an African crisis response force, and individual peacekeeping forces such as those in South Sudan and Central African Republic.\(^{19}\)

IMET funds the attendance of mid-to-senior level foreign military personnel, as well as select civilian personnel, in U.S. professional military courses at DOD institutions. While relatively small in dollar terms, the IMET program aids more countries than any other aid account, involving more than 100 countries every year.\(^{20}\)

### 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 Assistance 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 implemented by USAID, and most military aid funded through the State Department is implemented by DOD (see Figure 2). The funding data in this section reflect the agency that implemented the aid, not necessarily the agency to which Congress appropriated the funds originally.

**Figure 2. Foreign Assistance Implementing Agencies, FY2019**

(in millions of obligated U.S. dollars)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>USAID</td>
<td>$21,150</td>
</tr>
<tr>
<td>DOD</td>
<td>$14,079</td>
</tr>
<tr>
<td>Treas.</td>
<td>$1,557</td>
</tr>
<tr>
<td>Other</td>
<td>$1,423</td>
</tr>
<tr>
<td>HHS</td>
<td>$1,411</td>
</tr>
<tr>
<td>MCC</td>
<td>$646</td>
</tr>
<tr>
<td>Department of State</td>
<td>$7,007</td>
</tr>
</tbody>
</table>

**Source:** Foreignassistance.gov and CRS calculations. See footnote 22.

**Notes:** USAID = U.S. Agency for International Development; DOD = Department of Defense; Treas. = Department of the Treasury; MCC = Millennium Challenge Corporation; HHS = Department of Health and


\(^{20}\) State Department, *SFOPS Congressional Budget Justification FY2022: Supplementary Tables*, May 2021.
Human Services. “Other” agencies that implemented foreign assistance in FY2019 include the Department of Energy, Department of Agriculture, Peace Corps, Department of the Interior, Department of the Army, Department of the Air Force, Department of Labor, Inter-American Foundation, African Development Foundation, Trade and Development Agency, Department of the Navy, and the Department of Justice, among others. The Export-Import Bank and the U.S. International Development Finance Corporation are not reflected in the figure because their receipts generally exceed their appropriations, resulting in a net gain in budget terms.

U.S. Agency for International Development

For 60 years, USAID has implemented the bulk of the U.S. bilateral 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 Programs account. Jointly with the State Department, USAID co-manages ESF, AEECA, and Democracy Fund programs, which frequently support development activities as a means of supporting U.S. strategic interests. 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.

The agency’s staff in 2019 totaled 9,688, of which about 67% were working overseas. USAID staff do not typically implement programs directly, but rather plan and oversee the implementation of hundreds of projects undertaken by thousands of private sector contractors, consultants, and nongovernmental organizations.

USAID obligated an estimated $21.2 billion to implement foreign assistance programs and activities in FY2019.23

U.S. Department of Defense

DOD, through the Defense Security Cooperation Agency, implements all SFOPS-funded military assistance programs—FMF, IMET, and PKO. DOD also carries out an array of assistance activities, funded through defense appropriations legislation, which typically involve training, equipping, and other support to partner or coalition military operations. DOD uses the term “security cooperation” to refer broadly to DOD-implemented activities with foreign security establishments. While some of these activities fit the FAA definition of foreign assistance, not all security cooperation activities do. These programs are primarily authorized by Title 10, U.S.C. such as DOD’s main train and equip authority, Section 333 Building Partner Capacity. In addition to programs codified under Title 10, DOD security cooperation includes temporary, country-specific authorities that require annual renewal in annual defense authorization acts such as the Counter-ISIS Train and Equip Fund (CTEF) for Iraq and Syria, the Afghanistan Security Forces Fund (ASFF), and the Ukraine Security Assistance Initiative (USAI). Other programs such as CTR, authorized under Title 50, U.S.C., address bioweapons and nuclear nonproliferation in eligible countries, among other activities.

In FY2019, DOD implemented an estimated $14.1 billion in foreign assistance programs.25

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21 The State Department determines the distribution of funds from these accounts.
22 This total includes employees from the USAID Office of Inspector General, but does not include institutional support contractors. USAID Agency Financial Report, FY2019.
23 See Foreignassistance.gov.
25 Foreignassistance.gov.
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, with sole responsibility for administering the International Narcotics Control and Law Enforcement (INCLE) and Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) accounts, and the two Migration and Refugee accounts (MRA and ERMA). State is also home to the Office of the Global AIDS Coordinator (OGAC), which manages the State Department’s portion of Global Health Programs 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. The State Department also channels much of the assistance it manages to international organizations, including the Office of the U.N. High Commissioner for Refugees (UNHCR) and the Global Fund to Fight HIV, Tuberculosis and Malaria (Global Fund).

In conjunction with USAID, the State Department manages the Economic Support Fund (ESF), 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 many programs. In addition, the State Department, through its Bureau of Political-Military Affairs, has policy authority over FMF, IMET, PKO, and, while it was active, the Pakistan Counterinsurgency Capability Fund (PCCF), meaning it allocates countries’ assistance levels and determines the equipment that is permitted for transfer. DOD implements these programs. Police training programs have traditionally been the responsibility of the International Narcotics and Law Enforcement (INL) Office in the State Department, though DOD also ran programs in Iraq and Afghanistan 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), 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 $7.0 billion in foreign assistance funding in FY2019, though it has policy authority over a much broader range of assistance funds.26

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 under the International Organizations and Programs (IO&P) account. 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 emergency financing from the International Monetary Fund (IMF). The agency manages the distribution of funds and negotiates program structure, but does not implement programs. Treasury, however, does directly implement a bilateral technical assistance program offering temporary financial advisors to countries implementing major economic reforms and combating terrorist finance activity.

In FY2019, the Department of the Treasury managed foreign assistance valued at about $1.6 billion.27

26 Ibid.
27 Ibid.
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 activities are 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 (CDC) 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 FY2019, HHS institutions implemented $1.4 billion in foreign assistance activities.28

Millennium Challenge Corporation

Created in 2004, the Millennium Challenge Corporation (MCC) provides large direct grants to a few low- and lower-middle-income countries that have demonstrated a strong commitment to effective governance relative to other developing countries. A significant feature of MCC grants is that recipient countries formulate, propose, and implement mutually agreed five-year U.S.-funded grants, known as compacts. Compacts in the 29 recipient countries selected to date have emphasized infrastructure projects. 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 $646.5 million in FY2019.29

Other Agencies

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

- The Peace Corps, an autonomous agency with FY2019 obligations of $458.6 million,30 sends volunteers to 64 countries.31 Peace Corps volunteers work on a wide range of educational, health, and community development projects.32
- The Trade and Development Agency (TDA), which obligated $30.3 million in FY2019, funds project preparation assistance, such as feasibility studies, and partnership building activities, such as trade missions, likely to generate U.S. exports for overseas infrastructure and other projects.33
- The U.S. International Development Finance Corporation (DFC), which became operational in December 2019, provides loans, loan guarantees, political risk insurance, equity investments, and technical assistance to enable private

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28 Ibid.
29 Ibid. For more information on MCC, see CRS Report RL32427, Millennium Challenge Corporation: Overview and Issues, by Nick M. Brown.
30 Ibid.
32 For more information on these agencies, see CRS Report RS21168, The Peace Corps: Overview and Issues, by Nick M. Brown.
33 USAID Explorer. For more information on TDA, see CRS In Focus IF10673, U.S. Trade and Development Agency (TDA), by Shayerah Ilias Akhtar.
investment in developing countries.\textsuperscript{34} DFC credit activities generate substantial returns and, with fees, often exceed outlays, requiring little to no appropriations as a result.\textsuperscript{35}

- The Export-Import (Ex-Im) Bank provides financing and insurance to facilitate the export of U.S. goods and services when the private sector is unwilling or unable to do so and/or to counter foreign export credit financing. Ex-Im Bank receives an annual appropriation for administrative expenses, but its revenues from interest and other fees charged for its support often exceed its appropriation, creating a net gain to the Treasury.

- The Inter-American Foundation and the African Development Foundation obligated $28.7 million and $22.5 million, respectively, in FY2019,\textsuperscript{36} in direct grants to small-scale enterprises and grassroots self-help entities.

### What Are the Different Forms in Which U.S. Assistance Is Provided?

Most U.S. assistance is now provided as a grant rather than a loan, so as not to increase the 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 FY2019), in which aid is channeled through an implementing partner, most often a contractor, multilateral organization, or nongovernmental organization, to complete a specific project. Aid is also provided in the form of core contributions to international organizations such as the United Nations, technical assistance, and direct budget support (cash transfer) to governments. Some assistance funds are also spent on administrative costs (see Figure 3). Within these categories, aid may take many forms, as described below.

#### Expertise

Many assistance programs provide expert advice to government and private sector organizations. For example, 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


\textsuperscript{35} For more information, see CRS In Focus IF11436, \textit{U.S. International Development Finance Corporation (DFC)}, by Shayerah I. Akhtar and Nick M. Brown.

\textsuperscript{36} ForeignAssistance.gov.
organizations to help strengthen them in their formative years or while indigenous staff are being trained. Such expert advice may come from U.S. nationals, but may also include country nationals employed by USAID projects to offer policy options to that government or otherwise coordinate project efforts.

Training

Knowledge and skill transfer is a significant part of most assistance programs. The International Military Education and Training Program (IMET), for example, provides training to officers of the armed forces of allied and friendly nations. Tens of thousands of citizens of aid recipient countries receive technical training annually under USAID programs. Similarly, 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.

Grants

USAID, the Inter-American Foundation, and the African Development Foundation often provide aid in the form of grants directly to local organizations to foster economic and social development and to encourage civic engagement in their communities. Grants are sometimes provided to credit institutions, such as 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. Large grants are often provided directly by USAID, but small-scale grants are most frequently administered under an implementing partner contract.

In-Kind Goods

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. Technical assistance may accompany goods provided, such as training for use of weapons supplied as military assistance. Under development assistance, equipment and commodities provided 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 alongside a broader teacher training and educational reform effort. 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 global health assistance.

Economic Infrastructure

Although once a significant portion of U.S. assistance programs, direct construction of economic infrastructure—roads, irrigation systems, electric power facilities, etc.—has been a relatively small component of aid efforts since the 1970s. Because of the substantial expense of these projects, they were to be found only in large bilateral 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 implemented in support of post-U.S. invasion reconstruction in Iraq and Afghanistan were an exception, supporting the building of schools, health clinics, roads, power plants, and irrigation systems. In Iraq alone, more than $10 billion went to economic infrastructure. The Millennium Challenge Corporation funds much of the direct construction of
economic infrastructure supported by U.S. assistance, using a competitive selection process to direct such programs toward well-governed countries in which these investments may be more sustainable. MDBs also continue to support infrastructure projects in developing countries, mostly by providing large-scale loans. With the growth of private direct investment in developing countries, U.S. efforts have shifted toward facilitation of private investments in infrastructure investments, including through the Power Africa initiative, the U.S. International Development Finance Corporation, and the International Transaction Advisory Network, among others.

Direct Budget Support

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 U.S. 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. In FY2019, the Government of Jordan was the only reported recipient of such assistance.

How Much Assistance 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, though Congress included provisions encouraging the use of grants over loans in some instances, such as development assistance to the least developed countries. 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.

Between 1946 and 2018, the United States loaned $116.6 billion in economic and military aid to foreign governments, and $11.2 billion of loan funds remained outstanding at the end of FY2019.37

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, some of which were attributable to aid loans. Both Congress and the executive branch have generally taken the

37 U.S. Overseas Loans and Grants: Obligations and Loan Authorizations, July 1, 1945-September 30, 2019 (Greenbook), CONG-R-0105. 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.
view that foreign aid should not add to the already existing debt burden carried by these countries. The Trump Administration sought to shift that approach to some degree, but Congress continued its emphasis on grants.\textsuperscript{38}

**Development Finance**

Although a small proportion of total current aid, U.S. government-issued financial products to advance development, known broadly as “development finance,” have remained a component of U.S. assistance efforts. Now largely consolidated in the DFC, such projects involve either directly issued loans or loan guarantees, meaning the U.S. government agrees to pay a portion of the amount owed in the case of a default on a loan. For instance, DFC may partially guarantee a mortgage portfolio of a developing country bank, sharing risk with it in order to expand credit access for poor mortgage holders.

The United States also guarantees sovereign loans of certain governments in order to improve the terms or amounts of financing from international capital markets. Debt guarantees have been used recently to assist Ukraine, Iraq, and Jordan. In these cases, assistance funds representing a fraction of the guarantee amount are set aside to cover possible default.\textsuperscript{39} Previously, under the Israeli Loan Guarantee Program, the United States guaranteed repayment of loans made by commercial sources to support the costs of immigrants settling in Israel from other countries and could issue guarantees to support economic recovery.\textsuperscript{40}

**Debt Forgiveness**

The United States has also forgiven some 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, 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-stressed nations.\textsuperscript{41} USAID and the Treasury Department have also implemented “debt-for-nature” swaps, in which foreign debt is purchased, sometimes at discounted rates, and restructured into local currency that can be implemented as environmental conservation programs.\textsuperscript{42}

The largest and most hotly debated debt forgiveness actions have been implemented for much broader foreign policy reasons with a more strategic purpose. Examples include 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

\textsuperscript{38} The Trump Administration both proposed shifting FMF from primarily grants to include some lending, and sought to expand development finance through the U.S. International Development Finance Corporation while proposing cuts to grant assistance accounts.

\textsuperscript{39} The assistance provided to guarantee the loan varies depending on the risk. For example, the Obama Administration requested $275 million in ESF-OCO funds in FY2016 to support a $1 billion loan guarantee for Ukraine.

\textsuperscript{40} Israel has not drawn on any loan guarantees since FY2004.

\textsuperscript{41} For more information on these programs, see CRS Report RS21482, The Paris Club and International Debt Relief, by Martin A. Weiss.

\textsuperscript{42} CRS Report RL31286, Debt-for-Nature Initiatives and the Tropical Forest Conservation Act (TFCA): Status and Implementation, by Pervaze A. Sheikh.
Gulf War (1990—$7 billion); and Jordan, after signing a peace accord with Israel (1994—$700 million). 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.

Does the Private Sector Have a Role in Foreign Assistance?

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 in accordance with 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 contribute as joint funders, not paid implementers, in situations where partners’ interests and U.S. objectives coincide.43 As foreign direct investment in developing countries has increased significantly in recent decades, far exceeding foreign assistance from governments in many countries, agencies have sought partnerships and other means of channeling those investments in support of U.S. priorities.

In addition to serving as implementing partners, the U.S. private sector also sometimes provides goods and services for assistance programs. For example, a portion of U.S. international food aid is sourced from U.S. farmers and then shipped overseas on privately-owned U.S. flag cargo ships. FMF funding, as another example, primarily contracts with U.S. defense contractors. Most USAID procurement is restricted to the United States, the recipient, and other developing countries.44

Which Countries Receive U.S. Foreign Assistance?

In FY2019, the United States provided some form of bilateral foreign assistance to more than 180 countries.45 Aid is concentrated heavily in certain countries, but country allocations shift over time due to changing priorities and interests of U.S. foreign policy. Table 2 identifies the top 15 recipients of U.S. foreign assistance for FY1999, FY2009, and FY2019, reflecting these shifts.

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43 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.
44 22 C.F.R. § 228.
45 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.
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 as well as for Iraq, following the 2003 invasion. Two key countries for U.S. counterterrorism strategy, Afghanistan and Pakistan, rose to the top of the aid recipient list in FY2002.

Since 2000, U.S. assistance has shifted considerably, as some poor or fragile regions have prospered and others remain impoverished. In FY1999, one sub-Saharan African country appeared among the top 15 aid recipients; in FY2019, there were six. Many are focus countries under the PEPFAR initiative to address the HIV/AIDS epidemic; newer initiatives such as Power Africa, Feed the Future, and Prosper Africa have also driven funds to that region. In FY1999, four countries from Eastern Europe and the former Soviet Union made the list, as many from the region had for much of the 1990s due to efforts to transform the former communist nations to democratic societies and market-oriented economies. None of those countries appear in the FY2019 list. In FY1999, three Latin American countries made the list; Colombia is the only country from the region that remained on the list for FY2019.

On a regional basis, the Middle East/North Africa (MENA) region received the largest share of U.S. foreign assistance for several 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

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**Table 2. Top Recipients of U.S. Foreign Assistance from All Sources, FY1999, FY2009, and FY2019**

(in millions of current U.S. dollars)

<table>
<thead>
<tr>
<th>Country</th>
<th>FY1999</th>
<th>FY2009</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israel</td>
<td>3,030.4</td>
<td>8,964.4</td>
<td>4,893.4</td>
</tr>
<tr>
<td>Egypt</td>
<td>2,214.0</td>
<td>5,694.4</td>
<td>3,308.5</td>
</tr>
<tr>
<td>Russia</td>
<td>1,601.8</td>
<td>2,423.3</td>
<td>959.3</td>
</tr>
<tr>
<td>Jordan</td>
<td>381.9</td>
<td>1,989.9</td>
<td>1,467.0</td>
</tr>
<tr>
<td>Colombia</td>
<td>325.5</td>
<td>1,174.2</td>
<td>922.8</td>
</tr>
<tr>
<td>Ukraine</td>
<td>287.8</td>
<td>1,156.8</td>
<td>809.8</td>
</tr>
<tr>
<td>Indonesia</td>
<td>256.7</td>
<td>1,040.3</td>
<td>800.7</td>
</tr>
<tr>
<td>Peru</td>
<td>231.3</td>
<td>865.1</td>
<td>794.0</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>229.7</td>
<td>863.6</td>
<td>791.0</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>220.6</td>
<td>828.3</td>
<td>758.9</td>
</tr>
<tr>
<td>Serbia and Montenegro</td>
<td>190.2</td>
<td>770.1</td>
<td>753.9</td>
</tr>
<tr>
<td>India</td>
<td>186.7</td>
<td>621.9</td>
<td>684.8</td>
</tr>
<tr>
<td>Dem. Rep. of Korea</td>
<td>176.5</td>
<td>591.2</td>
<td>675.5</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>144.7</td>
<td>535.9</td>
<td>781.1</td>
</tr>
<tr>
<td>Bolivia</td>
<td>139.6</td>
<td>503.9</td>
<td>758.9</td>
</tr>
</tbody>
</table>

**Source:** Foreignassistance.gov.

**Note:** DRC = Democratic Republic of the Congo.
U.S. assistance consumed by the MENA region was maintained in the 2000s by the war in Iraq. Its share continued to slip substantially in FY2019.

**Figure 4. Regional Distribution of Assistance, FY1999, FY2009, and FY2019**

<table>
<thead>
<tr>
<th>Year</th>
<th>East Asia and Oceania</th>
<th>Europe and Eurasia</th>
<th>Middle East and North Africa</th>
<th>South and Central Asia</th>
<th>Sub-Saharan Africa</th>
<th>Western Hemisphere</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY1999</td>
<td>5%</td>
<td>19%</td>
<td>32%</td>
<td>4%</td>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>FY2009</td>
<td>2%</td>
<td>5%</td>
<td>27%</td>
<td>23%</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td>FY2019</td>
<td>4%</td>
<td>4%</td>
<td>25%</td>
<td>14%</td>
<td>25%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: USAID Explorer and CRS calculations. Percentages may not add up to 100% due to rounding. Note: World = Unallocated by Country/Region.

U.S. strategic imperatives have also driven periodic growth and decline of aid. After September 11, 2001, South and Central Asia emerged as a significant target of U.S. assistance. The region rose from a roughly 4% share 20 years ago to 23% in FY2009 before retreating to 14% in FY2019, largely tracking U.S. national security priorities in Afghanistan and Pakistan. Similarly, the share flowing to African nations increased from 9% in FY1999 to 20% in FY2009, and reached 25% in FY2019, 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 FY1999, has declined significantly in the past decade, to about 4% in FY2019, with the graduation of many East European aid recipients and the termination of programs in Russia. The share of aid allocated to East Asia/Pacific has remained at a low level during the past two decades, while the Western Hemisphere’s share has risen and fallen based on U.S. interest in Colombia and Central American countries, and disasters such as the 2010 earthquake in Haiti (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), and 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 from the historical high levels of the late
1940s and early 1950s (see Appendix A). 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 Vietnam War in the 1960s and 1970s, 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 FY1997, when foreign assistance obligations fell to about $20 billion (in 2019 dollar terms).

While foreign aid consistently represented just over 1% of U.S. GDP in the decade following World War II, it fell gradually to between 0.2% and 0.4% for most years over 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 FY1977, though the percentages have sometimes varied considerably from year to year. Foreign aid dropped from 5% of discretionary budget authority in FY1979 to 2.4% in FY2001, before rising sharply in conjunction with U.S. activities in Afghanistan and Iraq starting in FY2003, as well as the launch of a global HIV/AIDS response effort (see Figure 5; Appendix A).

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. Global health initiatives, the creation of the Millennium Challenge Corporation, and growth in counter-narcotics activities have driven funding increases over the same period. 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 rose again in FY2015 with efforts to address the crisis in Syria, counter ISIS activities, and provide for humanitarian efforts. The use of the Overseas Contingency Operations (OCO, discussed below) designation has enabled this growth. Figure 6 shows how trends in foreign aid funding in recent decades track specific foreign policy events and presidential initiatives.
What Does Overseas Contingency Operations (OCO) Mean?

Prior to FY2012, the President typically submitted to Congress requests for additional funding as needed (after initial annual budget requests), referred to as emergency supplementals. These funding packages historically were approved to address emergency, war-related, or otherwise off-cycle budget needs. The Obama Administration took a different approach in its FY2012 international affairs budget, distinguishing between enduring (also referred to as base, regular, or ongoing), emergency supplemental, and Overseas Contingency Operations (OCO) funds, all in the same request, and describing the OCO designated funds as short-term, temporary, war-related funding for the frontline states of Iraq, Afghanistan, and Pakistan. The OCO designation had previously been applied to war-related Department of Defense (DOD) costs but had not been used outside that scope.

Funds designated as emergency or OCO are not subject to procedural limits on discretionary spending in congressional budget resolutions, or the statutory discretionary spending limits provided by the Budget Control Act of 2011 for FY2011-FY2021 (BCA, P.L. 112-25). As a result, the OCO designation became a critical tool for compliance with the BCA spending caps. Congress not only adopted the OCO designation in the FY2012 SFOPS appropriations legislation, but expanded it to include funding for additional accounts and countries. Between FY2012 and FY2018, Congress appropriated more OCO-designated funding than was requested by the Administration; since then, Congress has appropriated OCO funds each year despite Administration requests for no SFOPS OCO funds (see Figure 7).
Figure 7. Overseas Contingency Operations, FY2012-FY2021
(in billions of current U.S. dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Requested</th>
<th>Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>$8.7</td>
<td>$11.2</td>
</tr>
<tr>
<td>FY13</td>
<td>$8.2</td>
<td>$10.8</td>
</tr>
<tr>
<td>FY14</td>
<td>$3.8</td>
<td>$6.50</td>
</tr>
<tr>
<td>FY15</td>
<td>$7.8</td>
<td>$9.30</td>
</tr>
<tr>
<td>FY16</td>
<td>$7.1</td>
<td>$14.9</td>
</tr>
<tr>
<td>FY17</td>
<td>$20.7</td>
<td>$20.8</td>
</tr>
<tr>
<td>FY18</td>
<td>$12.0</td>
<td>$12.0</td>
</tr>
<tr>
<td>FY19</td>
<td>$0.0</td>
<td>$8.00</td>
</tr>
<tr>
<td>FY20</td>
<td>$0.0</td>
<td>$8.00</td>
</tr>
<tr>
<td>FY21</td>
<td>$0.0</td>
<td>$8.00</td>
</tr>
</tbody>
</table>

Sources: SFOPS Congressional Budget Justifications; annual SFOPS appropriations.

As the use of OCO expanded, the Administration requested and Congress enacted fewer emergency supplementals. However, there have been a handful of foreign assistance supplementals since FY2012 to address unanticipated emergency situations. These include supplementals for the Ebola response in West Africa in FY2015, the Zika response in FY2016, and counter-ISIS activities in FY2017. Most recently, Congress enacted supplemental funds to combat the COVID-19 pandemic, provide assistance to Sudan, and address humanitarian needs in Afghanistan and for Afghan refugees.

The BCA expired at the end of FY2021, and the House-passed and Senate-introduced SFOPS bills for FY2022 (H.R. 4373 and S. 3075, respectively) do not include OCO funds.46

How Much Foreign Assistance Is Spent on U.S. Goods and Services?

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.47 The conditioning of aid on

46 For more information on foreign affairs OCO funding, see CRS In Focus IF10143, Foreign Affairs Overseas Contingency Operations (OCO) Funding: Background and Current Status, by Emily M. Morgenstern. For broader OCO trends, including those related to DOD, see CRS Report R44519, Overseas Contingency Operations Funding: Background and Status, by Brendan W. McGarry and Emily M. Morgenstern.

47 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.
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, it has become increasingly disfavored in the international community. 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 purchasing power of aid flows. 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 about 20% in 2018. However, an estimated 40% of U.S. bilateral development assistance was tied in 2018, 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. About 67% of U.S. foreign assistance funds in FY2018 were obligated to U.S.-based entities.

A considerable amount of U.S. foreign assistance funding remains 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 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 spent in the United States compared to the recipient country. Procurement reform efforts initiated by USAID in 2010 have aimed to accurately report and expand implementation by host country entities as a means to enhance country ownership, local capacity, and sustainability, including by expanding procurement preferences, previously restricted to the United States, to also allow purchase from firms in most developing countries.

- **Food assistance** commodities, until recently, were purchased wholly in the United States, and generally required by law to be shipped by U.S. carriers, suggesting that the vast majority of food aid expenditures are made in the United States. Starting in FY2009, Congress authorized a small portion of food assistance 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 not been enacted.

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49 Ibid.
51 USAID Explorer. Entities include government agencies, nongovernmental and faith-based organizations, enterprises, and universities.
• **Foreign Military Financing**, with the exception of certain assistance allocated to Israel, is used exclusively to procure U.S. military equipment and training.\(^5^4\)

• The **Millennium Challenge Corporation** (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 FY2020, the MCC awarded roughly 10% of the value of partner country contracts to U.S. firms.

• **Multilateral development aid** is mixed with funds from other nations and the bulk of the programs are financed with borrowed funds rather than direct government contributions. Information on the U.S. share of procurement financed by MDBs is not publicly 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 U.S. military equipment and food commodities 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.\(^5^5\)

### 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 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’s) Development Assistance Committee (DAC).\(^5^6\) In 2019, the most recent year for which comprehensive data are available, the United States disbursed $32.98 billion in ODA, or about 22.5% of the $146.52 billion in total net ODA disbursements by all donors that year, as reported to the OECD, ranking first among donors (see Figure 8). While the top five donors have not varied for more than a decade, there have been shifts lower down the rankings, with some previous aid recipients becoming donors. For example, Poland, Ireland, and Korea, each substantial recipients of U.S. aid in the past, have become prominent ODA donors in recent years.\(^5^7\)

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\(^5^4\) For the research, development and procurement of advanced weapons systems, not less than $805.3 million of aid to Israel in FY2021 could be used for offshore procurement (about 13% of total Foreign Military Finance for that year).


\(^5^6\) 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.

\(^5^7\) OECD data are available at http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/statisticsonresourceflows toderevolvedcountries.htm. Each country’s contribution exceeded 0.1% of GNI in FY2017, the last year for which such data are provided.
Although 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).\(^58\) This calculation is often cited in the context of international donor forums, as the U.N. General Assembly set a target for donors of 0.7% of GNI in 1970, which also became an aim of the 2000 U.N. Millennium Development Goals. In 2019, the United States ranked at the bottom among long-standing donors in terms of aid as a portion of GNI, at 0.15%. Turkey, Luxembourg, Norway, and Sweden ranked first among donors, each at about 1% of GNI.

China is not an OECD member and does not regularly report ODA disbursements. Nevertheless, the OECD estimates that China’s international development co-operation reached $4.8 billion in 2019, up from $4.5 billion in 2018, including $1.6 billion in multilateral assistance.\(^59\) While estimated Chinese ODA is still relatively small compared to that of major donor countries, policymakers are paying increasing attention to growing Chinese investments and financing in developing countries that do not meet the ODA definition. China has touted its “Belt and Road” Initiative as an effort to boost economic development and connectivity from China across regions to create “strategic propellers” for its own development.\(^60\)

\(^{58}\) Gross National Income (GNI) comprises GDP together with income received from other countries (notably interest and dividends), less similar payments made to other countries.

\(^{59}\) See also CRS In Focus IF11735, China’s “One Belt, One Road” Initiative: Economic Issues, by Karen M. Sutter, Andres B. Schwarzenberg, and Michael D. Sutherland.

aggregate information on the initiative, including on the number of projects, the amounts and terms of financing, and metrics for success, but some entities have taken efforts to estimate such data themselves.61

Congress and Foreign Assistance

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, strategic and other economic security assistance, military assistance, and international organizations. Responsibility over food aid, which primarily lies with the Agriculture Committees in both bodies, is periodically shared with the House Foreign Affairs and Senate Foreign Relations Committees. U.S. contributions to multilateral development banks are within the jurisdiction of the Senate Foreign Relations Committee and the House Financial Services Committee. Aid programs funded by DOD, such as Nunn-Lugar Cooperative Threat Reduction programs and the military aid programs in Afghanistan and Ukraine, generally 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 Health, Education, Labor and Pensions (HELP) committees.

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 R46935, *Department of State, Foreign Operations, and Related Programs: FY2022 Budget and Appropriations*, by Cory R. Gill, Marian L. Lawson, and Emily M. Morgenstern.

What Are the Major Foreign Aid Legislative Vehicles?

The most significant permanent foreign aid authorization laws include

- the Foreign Assistance Act of 1961, as amended, 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);

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. In contrast, DOD assistance is authorized in annual National Defense Authorization legislation.

In lieu of approving comprehensive foreign assistance authorization bills on a regular basis, 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, often involving amendments to the Foreign Assistance Act of 1961 to authorize a new initiative. Among these are the following:

- 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 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 Better Utilizing Results Leading to Development Act of 2018 (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.

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62 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.

63 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, 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 reauthorizes 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)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Current U.S. $</th>
<th>Constant 2019 U.S. $</th>
<th>As % of GDP</th>
<th>As % of total budget authority&lt;sup&gt;a&lt;/sup&gt;</th>
<th>As % of discretionary budget authority&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>3,075,702,000</td>
<td>33,099,851,370</td>
<td>1.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1947</td>
<td>6,708,001,000</td>
<td>65,089,024,366</td>
<td>2.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1948</td>
<td>3,179,504,000</td>
<td>28,177,070,122</td>
<td>1.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>8,300,704,000</td>
<td>71,150,699,078</td>
<td>3.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>5,971,296,000</td>
<td>51,895,822,882</td>
<td>2.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>7,612,560,000</td>
<td>62,810,601,440</td>
<td>2.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1952</td>
<td>6,813,953,000</td>
<td>54,040,702,008</td>
<td>1.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1953</td>
<td>4,979,870,000</td>
<td>38,783,668,999</td>
<td>1.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1954</td>
<td>4,767,778,000</td>
<td>36,699,816,125</td>
<td>1.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>4,097,382,000</td>
<td>31,303,775,797</td>
<td>1.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1956</td>
<td>4,847,691,000</td>
<td>36,104,061,584</td>
<td>1.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1957</td>
<td>4,871,415,000</td>
<td>34,983,354,460</td>
<td>1.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1958</td>
<td>4,014,661,000</td>
<td>27,990,624,675</td>
<td>0.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1959</td>
<td>5,074,241,000</td>
<td>34,838,165,027</td>
<td>1.0%</td>
<td></td>
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<td>As % of discretionary budget authority&lt;sup&gt;a&lt;/sup&gt;</td>
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<sup>a</sup> As % of discretionary budget authority includes both foreign and nonforeign assistance and is therefore lower than the As % of total budget authority.
### Foreign Assistance: An Introduction to U.S. Programs and Policy

<table>
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<tr>
<th>Fiscal Year</th>
<th>Current U.S. $</th>
<th>Constant 2019 U.S. $</th>
<th>As % of GDP</th>
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**Sources:** Foreignassistance.gov; Office of Management and Budget Historic Budget Tables, FY2022; CRS calculations.

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

- Budget authority data is from the historic budget tables included in the President's annual budget submission, and is only available back to FY1976.
- 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
CDC   Centers for Disease Control and Prevention
CERP  Commanders Emergency Response Program
DA    Development Assistance
DAC   Development Assistance Committee of the OECD
DFC   U.S. International Development Finance Corporation
DOD   Department of Defense
ERMA  Emergency Refugee and Migration Assistance
ESF   Economic Support Fund
FAA   Foreign Assistance Act of 1961
FFPA  Food for Peace Act (also may be referred to as P.L. 480)
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   Department of State, Office of International Narcotics and Law Enforcement
IO&P  International Organizations and Programs
MCC   Millennium Challenge Corporation
MDBs  Multilateral Development Banks
MDRI  Multilateral Debt Relief Initiative
MRA   Migration and Refugee Assistance
NADR  Nonproliferation, 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
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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Analyst in Foreign Assistance and Foreign Policy Analyst in Foreign Assistance and Foreign Policy

Acknowledgments
This report was originally coauthored by retired CRS Specialist in Foreign Policy Curt Tarnoff.

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