

U.S. Foreign Assistance

What Is U.S. Foreign Assistance?

Foreign assistance is an instrument of U.S. policy through which the U.S. government provides resources to another country's government, civil society, or other private sector entity on a grant or concessional loan basis. Most U.S. foreign assistance is administered by the U.S. Agency for International Development (USAID); the Millennium Challenge Corporation (MCC); the U.S. Departments of State, Agriculture (USDA), the Treasury, and Defense (DOD); or is channeled through multilateral organizations.

U.S. foreign assistance can take many forms. Most aid is provided through projects implemented by U.S. and international agencies, contractors, or nongovernmental organizations. It takes the form of expert technical advice, training, equipment, and construction in a wide range of sectors (see **Figure 1**), and can support vaccines, malaria nets, textbooks, roads and other infrastructure, food, educational exchanges, finance, and military weaponry. On average, about 2% of aid is provided as direct budget support (cash) to foreign governments.

Congress provides authorization and appropriations for foreign assistance through a number of legislative vehicles, including the Foreign Assistance Act of 1961 and annual Department of State, Foreign Operations, and Related Programs (SFOPS) appropriations laws. It also conducts regular oversight of foreign aid programs via regular reporting and notification requirements, oversight hearings, and Office of Inspector General and Government Accountability Office audits and investigations, among other mechanisms.

Why Provide U.S. Foreign Assistance?

Advocates of foreign assistance cite three broad and overlapping rationales behind U.S. foreign assistance:

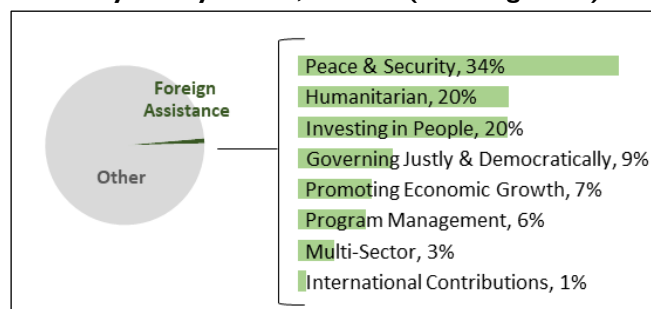
- (1) **National Security.** Aid may help build stability and counter international threats by promoting global prosperity, public health, environmental protection, democracy and rule of law, and the military readiness and security of allied nations.
- (2) **Commercial Interests.** Supporting economic growth and expanding trade capacity in developing countries may expand markets for U.S. exports, creating economic opportunities and jobs in the United States.
- (3) **Humanitarian Interests.** Providing food, shelter, and other basic assistance to displaced persons and other victims of natural disasters and conflict is a reflection of U.S. values and global leadership.

Critics of foreign aid maintain that these efforts have often been ineffective and wasteful. Other critics argue that foreign aid funds would be better used to address domestic priorities, or to reduce the federal deficit.

How Much Is Spent on U.S. Foreign Assistance?

In FY2019, the most recent year for which comprehensive data are available, the United States obligated an estimated \$48.18 billion in foreign assistance from all sources, as reported by the ForeignAssistance.gov database. This represented about 1% of the total federal budget (**Figure 1**) and 3.5% of discretionary budget authority. Assistance included funds pursuant to the SFOPS appropriations as well as aid from USDA, DOD, Centers for Disease Control and Prevention, and other agency appropriations.

Figure 1. Foreign Aid as a Portion of Federal Budget Authority and by Sector, FY2019 (net obligations)



Source: ForeignAssistance.gov; CRS calculations.

Note: FY2019 = most recent comprehensive data available.

Among official development assistance donors, the United States ranked first in the world in 2019 in dollar terms, but ranks near the bottom on the basis of population and economy size (OECD 2019). While some argue that the United States should increase aid levels to address global needs, others assert that U.S. contributions adequately reflect U.S. global interests or exceed an appropriate share.

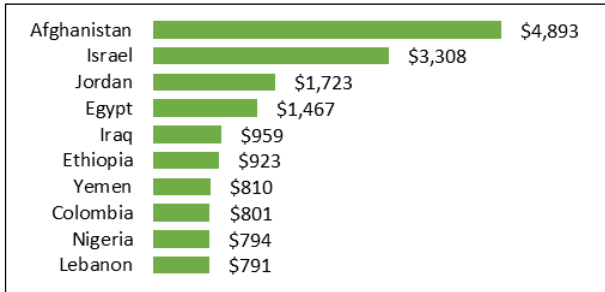
Who Receives U.S. Foreign Assistance?

More than 180 countries and territories received some form of U.S. assistance in FY2019, reflecting the broad use of aid as a diplomatic and strategic tool. Top U.S. bilateral aid recipients are typically countries that are strategic allies in the Middle East, important partners in counterterrorism efforts, or global health focus countries. Top recipients include countries that face humanitarian crises brought on by natural disaster or conflict. U.S. aid is geographically dispersed—55 countries received more than \$100 million of U.S. aid in 2019, and 118 received more than \$10 million. The top 10 recipient countries in FY2019 accounted for approximately 34% of aid obligations (**Figure 2**).

Historic Trends and Outlook

In recent decades, foreign aid spending has varied considerably depending on policy initiatives, international crises, and budget constraints (**Figure 3**).

Figure 2. Top Recipients of U.S. Aid, FY2019
(net obligations in \$ millions)



Source: ForeignAssistance.gov; CRS calculations.

Note: FY2019 data are the most recent complete data available.

Military aid to Central America and efforts at Middle East peace drove the aid program in the 1980s, which peaked in 1985. The end of the Cold War and a deficit reduction law led to funding lows in the 1990s, though aid to Eastern Europe peaked at this time, supporting the transition from Communism to democracy and market-led governance.

After the September 11, 2001, terrorist attacks, and the U.S. invasions of Afghanistan and Iraq, foreign aid levels began to rise sharply with new military and development assistance funds for Iraq and Afghanistan, creation of the MCC, and launch of the President’s Emergency Plan for AIDS Relief (PEPFAR). These increases elevated concern within Congress about accountability and effective oversight of aid programs, particularly in conflict zones.

The Obama Administration organized its efforts under three major aid initiatives: the Global Health Initiative (GHI), the Global Climate Change Initiative, and the Feed the Future Initiative. Fiscal constraints imposed by the Budget Control Act of 2011, together with scaled-back U.S. military

presence in Iraq and Afghanistan, led to reduced aid funding from FY2011 to FY2013, but assistance obligations steadied in subsequent years, largely reflecting emerging crises and new priorities.

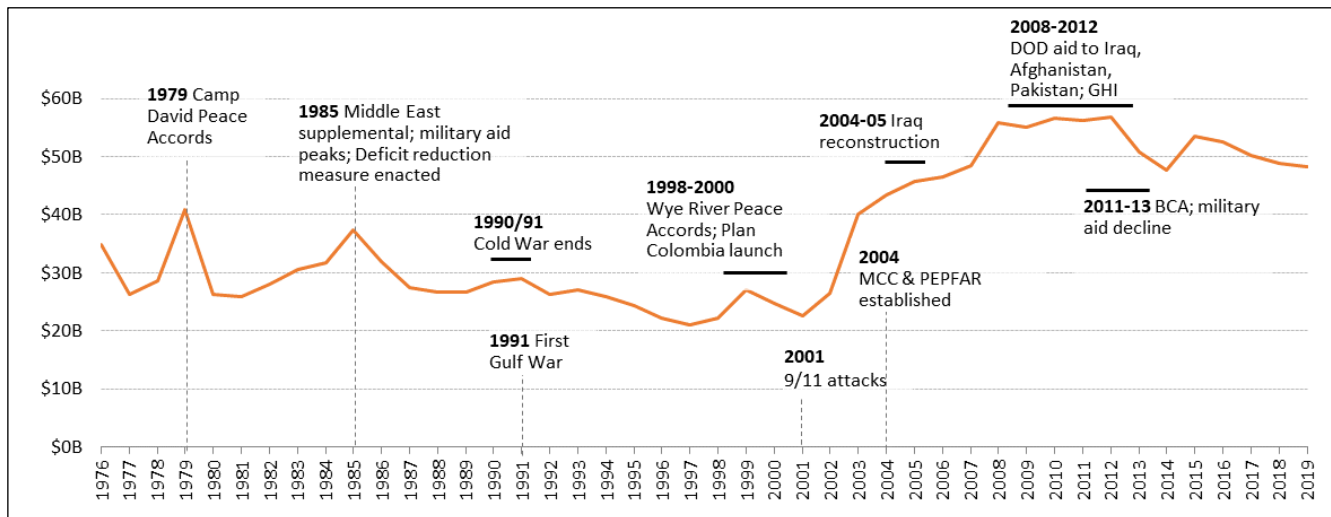
The Trump Administration consistently proposed deep cuts to foreign assistance, but Congress maintained or increased foreign aid appropriations. Focus areas included development finance (reflected in the creation in 2019 of the U.S. International Development Finance Corporation); global health; humanitarian crises, including Coronavirus Disease 2019 (COVID-19); and countering the global influence of China and Russia.

The Biden Administration has set three cross-cutting priorities for foreign assistance, including responding to climate change through bilateral and multilateral efforts, addressing the effects of the COVID-19 pandemic, and combating rising authoritarianism. The Administration has proposed increased funding for overall foreign assistance.

Congress plays a significant role in shaping U.S. foreign assistance. In authorizing and appropriating aid, Members may support Administration proposals, direct foreign assistance toward their own priority sectors and countries, mandate new strategies and initiatives, and prohibit assistance for certain purposes. Such congressional directives affect the Administration’s ability to implement its foreign assistance strategies and to adjust assistance to meet emerging needs.

For more detailed information on foreign assistance, see CRS Report R40213, *Foreign Assistance: An Introduction to U.S. Programs and Policy*, and CRS Report R46935, *Department of State, Foreign Operations, and Related Programs: FY2022 Budget and Appropriations*.

Figure 3. Foreign Aid Funding in Historic Context
(net aid obligations in billions of constant 2019 U.S. \$)



Source: ForeignAssistance.gov; CRS calculations.

Notes: BCA = Budget Control Act of 2011; MCC = Millennium Challenge Corporation; PEPFAR = President’s Emergency Plan for AIDS Relief.

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