



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

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April 20, 2012

Congressional Research Service

7-5700

www.crs.gov

R40213

CRS Report for Congress

Prepared for Members and Committees of Congress

Summary

Foreign assistance is a fundamental component of the international affairs budget and is viewed by many as an essential instrument of U.S. foreign policy. On the basis of national security, commercial, and humanitarian rationales, U.S. assistance supports myriad objectives, including promoting economic growth, reducing poverty, improving governance, expanding access to health care and education, promoting stability in conflictive regions, 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, foreign aid is seen by many Americans, and Members of Congress, as an expense that the United States cannot afford given current budget deficits.

In FY2012, U.S. foreign assistance is estimated at \$37.7 billion, or 1.0% of total estimated budget authority. In real terms, this represents a 5.7% increase over the FY2011 funding, but a 9.5% decrease from FY2010 funding, which marked the peak of a decade-long trend in aid growth. In FY2012, the U.S. Agency for International Development and the State Department, the primary administrators of U.S. foreign assistance, provided \$10.59 billion in security-related assistance; \$10.56 billion for health, education, and social welfare programs; \$2.60 billion for governance programs; \$4.41 billion for economic growth activities; and \$4.09 billion in humanitarian assistance. Assistance can take the form of cash transfers, equipment and commodities, infrastructure, or technical assistance, and, in recent decades, is provided almost exclusively on a grant rather than loan basis.

Key foreign assistance trends in the past decade include growth in development and humanitarian aid, particularly global health programs, and increased security assistance directed toward U.S. allies in the anti-terrorism effort. In FY2012, Israel, Afghanistan, Pakistan, Iraq, and Egypt are the top recipients of U.S. aid, reflecting long-standing aid commitments to Israel and Egypt and the strategic significance of Afghanistan, Pakistan, and Iraq. The Near East is the top recipient region in FY2012, at 33.1%, followed by Africa, at 32.5%, and South and Central Asia, at 19.9%. This is a significant shift from a decade ago, when Africa received only 13.6% of aid, and reflects significant increases in HIV/AIDS-related programs concentrated in Africa. Another notable trend of the past decade—the increasing role of the Department of Defense in foreign assistance—appears to be waning with the drawdown of U.S. military forces in Iraq and Afghanistan, and the transition of many DOD assistance programs in those countries to civilian authority.

This report provides an overview of the U.S. foreign assistance program by answering frequently asked questions on the subject. It is intended to provide a broad view of foreign assistance over time, and will be updated periodically. For more current information on foreign aid funding levels, see CRS reports on State, Foreign Operations, and Related Programs appropriations.

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

U.S. foreign aid is a fundamental component of the international affairs budget, for decades viewed by many as an essential instrument of U.S. foreign policy.¹ Each year, it is the subject of extensive congressional debate over the size, composition, and purpose of the program. The focus of U.S. foreign aid policy has been transformed since the terrorist attacks of September 11, 2001. In 2002, a National Security Strategy for the first time established global development, a primary objective of U.S. foreign aid, as a third pillar of U.S. national security, along with defense and diplomacy. A 2010 policy document reiterated that notion, arguing that development “is as central to advancing America’s interests as diplomacy and defense.”²

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

Data presented in the report are the most current, reliable figures available, usually covering the period through FY2012. Dollar amounts are drawn from a variety of sources, including the Office of Management and Budget (OMB), U.S. Agency for International Development (USAID), and from annual State, Foreign Operations and other appropriations acts. As new data become obtainable or additional issues and questions arise, the report will be modified and revised.

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

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

² Quote in Department of State and U.S. Agency for International Development, *Quadrennial Diplomacy and Development Review, Leading Through Civilian Power*, December 2010, p. 21. Development is underscored in both Bush and Obama national security strategies of 2002, 2006, and 2010: *U.S. National Security Strategy 2002 and 2006*, available at <http://georgewbush-whitehouse.archives.gov/nsc/nss/2006/>, and, National Security Strategy, May 2010, available at http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf.

A Note on Numbers and Sources

The numeric measures of foreign assistance used in this report come from a variety of sources. Different sources are necessary for comprehensive analysis, but can often lead to discrepancies from table to table or chart to chart.

One reason for such variation is the different definitions of foreign assistance used by different sources. The Budget of the United States historical tables data on foreign assistance, for example, include only those programs that fall under the traditional 151 and 152 subfunctions of the International Affairs (function 150) budget. This excludes various programs run by federal agencies outside of the traditional State/USAID framework. USAID's U.S. Overseas Loans & Grants database (Greenbook), in contrast, uses a broad definition of foreign aid, which in past years has included Departments of Defense and Energy nonproliferation assistance and other U.S. agency accounts that some would not classify as foreign assistance. Official Development Assistance (ODA), reported by the Organization for Economic Cooperation and Development (OECD), differs from both U.S. Budget and Greenbook numbers primarily because it excludes all military assistance.

Apparent discrepancies also arise due to funding being recorded at different points in the process. U.S. Budget historical tables represent budget authority, funds *appropriated* by fiscal year, whereas the Greenbook reports funds *obligated* by fiscal year. The reporting calendar may result in discrepancies as well—ODA figures, unlike budget and Greenbook numbers, are reported by calendar year rather than fiscal year.

The differences between sources make precise comparisons difficult. For this reason, CRS has attempted not to mix sources within figures and tables, with the exception of **Table A-2** (on which **Figure 4** is based), which was necessary because no single source offers data from 1946 through to 2012. Though imperfect, this compilation of data is useful for depicting long-term trends in U.S. foreign assistance levels.

Foreign Aid Purposes and Priorities

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

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

Rationales for Foreign Aid

During the past 67 years, there have been three key rationales for foreign assistance:

- **National Security** has been the predominant theme of U.S. assistance programs. From a beginning in rebuilding Europe after World War II and under the Marshall Plan (1948-1951) and through the Cold War, U.S. aid programs were viewed by policymakers as a way to prevent the incursion of communist influence and secure U.S. base rights or other support in the anti-Soviet struggle. After the Cold War, the focus of foreign aid shifted from global anti-communism to disparate regional issues, such as Middle East peace initiatives, the transition to democracy of eastern Europe and republics of the former Soviet Union, and international illicit drug production and trafficking in the Andes. Without an overarching security rationale, foreign aid budgets decreased in the 1990s. However, since the September 11, 2001, terrorist attacks in the United States, policymakers frequently have cast foreign assistance as a tool in U.S. counter-terrorism strategy, increasing aid to partner states in counter-terrorism efforts and funding the substantial reconstruction programs in Afghanistan and Iraq. As noted, global development has been featured as a key element in U.S. national security strategy in both Bush and Obama Administration policy statements

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

Objectives of Foreign Aid

The objectives of aid are thought to fit within these rationales. Aid objectives include promoting economic growth and reducing poverty, improving governance, addressing population growth, expanding access to basic education and health care, protecting the environment, promoting stability in conflictive regions, protecting human rights, promoting trade, curbing weapons proliferation, strengthening allies, and addressing drug production and trafficking. The expectation has been that, by meeting these and other aid objectives, the United States will achieve its national security goals as well as ensure a positive global economic environment for American products and demonstrate the humanitarian nature of its people. Generally speaking, different types of foreign aid support different objectives. But there is also considerable overlap among categories of aid. Multilateral aid serves many of the same objectives as bilateral development assistance, although through different channels. Military assistance, economic security aid—including rule of law and police training—and development assistance programs may support the same U.S. political objectives in the Middle East, Afghanistan, and Pakistan. Military assistance and alternative development programs are integrated elements of American counter-narcotics efforts in Latin America and elsewhere.

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

In an effort to rationalize the assistance program more clearly, the Director of Foreign Assistance (DFA) at the State Department developed a framework (**Table 1**) in 2006 that organizes bilateral U.S. foreign aid—or at least that portion of it that is managed by the State Department and/or USAID—around five strategic objectives, each of which includes a number of program elements, also known as sectors.³ The five objectives are Peace and Security; Investing in People; Governing Justly and Democratically; Economic Growth; and Humanitarian Assistance.

³ The framework, representing about 89% of the traditional foreign aid program budget in FY2012 (including supplementals), does not include the Millennium Challenge Corporation, Peace Corps, other independent agencies, or international financial institutions. It also excludes non-traditional foreign aid programs, such as DOD-funded activities. The framework also cannot show how programs may cut across multiple objectives or sectors. To some extent, the decision on how to categorize an aid activity remains a subjective one.

Generally, these objectives and sectors do not correspond to any one particular budget account in appropriations bills.⁴

Peace and Security

The Peace and Security objective is composed of six program areas: counter-terrorism; combating weapons of mass destruction; stabilization operations and security sector reform; counter-narcotics; transnational crime; and conflict mitigation and reconciliation. These types of programs have been promoted by both the Bush and Obama Administrations as essential to the war on terrorism and efforts to provide military support to allies. They currently represent about a third of total State/USAID assistance programs. For FY2012, the Peace and Security objective was funded at \$10.6 billion, up 45% from \$7.3 billion in FY2006, when such data were first captured. Major portions of these funds were allocated to Israel, Egypt, Iraq, Afghanistan, Pakistan, and Jordan. Were the strategic framework to include all foreign aid, regardless of source, the DOD training and equipping of Afghan security forces would add \$11.2 billion in FY2012 under this objective.

Investing in People

Accounting for another third of State/USAID programs, the Investing in People objective is composed of three program areas: health, education, and social services and protection for vulnerable people. For FY2012, the objective was funded at \$10.6 billion, nearly double the amount provided in FY2006. Most of the funding, 86%, falls in the health program area, particularly those programs addressing HIV/AIDS. Health programs also include funds for combating avian influenza, tuberculosis, and malaria. A significant portion of health funds are provided for maternal and child health, family planning, and reproductive health programs. Investing in people also encompasses most non-agricultural water and sanitation assistance efforts. The objective further includes education programs with the majority of funds focusing on basic education needs, especially in Africa, but increasingly in south and central Asia and the Middle East.

Governing Justly and Democratically

This objective includes a number of program areas related to promoting the rule of law and human rights, good governance, political competition, and civil society. The two largest components for FY2012 were the rule of law and good governance. Program goals include strengthening the performance and accountability of government institutions, such as the judiciary and police; combating corruption; and supporting elections. Funding levels more than doubled between 2006 and 2010 to \$3.7 billion, but have declined since then. The objective is funded at \$2.6 billion in FY2012. In recent years, a large proportion of this aid has gone to Afghanistan.

⁴ Most are funded through several appropriations accounts. For instance, the objective of Governing Justly and Democratically and each of its individual sectoral elements (see **Table 1**) are funded through portions of the Development Assistance, AEECA, ESF, INCLE, and Democracy Fund accounts.

Table I. State/USAID Assistance by Objective and Program Area: FY2006-FY2012
(in millions of current dollars)

Aid Objectives and Program Areas	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012 Est.
Peace and Security	7,318.9	8,684.6	7,522.6	9,599.6	10,411.7	8,768.6	10,594.5
Counter-Terrorism	157.0	242.1	188.2	225.0	432.2	520.8	517.9
Combating WMD	229.9	228.0	253.7	410.9	320.5	343.3	328.1
Stabilization/Security Sector Reform	5,652.3	6,668.6	5,574.3	6,964.5	7,335.1	6,582.5	8,457.2
Counter-narcotics	1,020.1	1,148.1	1,133.7	1,295.3	1,459.7	779.1	678.0
Transnational Crime	60.2	51.2	75.6	93.0	97.2	90.4	85.6
Conflict Mitigation	199.3	346.6	297.1	611.1	767.0	452.4	527.7
Investing in People	5,421.4	6,659.4	8,573.3	10,286.1	10,834.2	9,967.8	10,559.5
Health	4,594.7	5,705.1	7,243.0	8,224.3	8,996.3	8,630.2	9,072.8
Education	689.8	754.5	928.8	1,057.5	1,218.4	916.3	1,105.8
Social Services/Protection of Vulnerable	136.9	199.8	401.4	1,004.3	619.5	421.3	381.0
Governing Justly & Democratically	1,758.1	2,141.3	2,258.5	2,702.0	3,656.7	2,516.9	2,596.3
Rule of Law & Human Rights	437.5	532.0	612.4	699.3	1,077.4	758.4	950.6
Good Governance	637.6	763.2	761.9	1,088.4	1,621.6	973.6	905.5
Political Competition	203.3	305.4	295.2	432.7	320.9	231.3	233.7
Civil Society	479.8	540.8	593.3	481.7	636.8	553.6	506.5
Promoting Economic Growth	3,449.2	3,212.2	3,279.0	3,973.8	5,273.4	4,836.5	4,405.4
Macroeconomic Growth	474.1	591.5	590.1	335.9	285.7	418.8	342.7
Trade & Investment	416.7	331.6	204.1	216.7	258.0	185.2	184.4
Financial Sector	280.2	176.8	198.2	142.4	127.5	92.7	80.6
Infrastructure	755.9	723.9	945.8	1,017.3	1,113.1	1,258.0	930.0
Agriculture	567.0	538.1	474.3	1,083.1	1,725.1	1,389.1	1,400.6
Private Sector Competitiveness	530.5	385.4	388.1	563.9	741.3	506.8	506.9
Economic Opportunity	132.7	127.0	155.1	237.3	218.0	158.8	193.7
Environment	292.1	337.8	324.2	377.1	804.7	827.1	766.6
Humanitarian Assistance	2,451.7	3,097.4	4,071.8	4,883.9	4,969.4	3,803.9	4,091.4
Protection, Assistance & Solutions	2,294.9	2,963.7	3,888.9	4,658.9	4,846.0	3,617.1	3,894.2
Disaster Readiness	87.3	78.2	125.6	151.1	81.4	142.8	150.0
Migration Management	69.6	55.5	57.2	74.0	42.0	44.0	47.2

Source: USAID and Department of State budget documents; ForeignAssistance.gov.

Notes: Figures encompass State and USAID appropriations only, including supplementals and Iraq and Afghanistan programs.

Promoting Economic Growth & Prosperity

The Economic Growth objective, amounting to \$4.4 billion in FY2012, includes a wide range of program areas that are believed to contribute to growth in developing economies. Agriculture programs focus on reducing poverty and hunger, trade-promotion opportunities for farmers, and sound environmental management practices for sustainable agriculture. Private sector development programs include support for business associations and microfinance services. Programs for managing natural resources and protecting the global environment focus on conserving biological diversity; improving the management of land, water, and forests; promoting environmentally sound urban development; encouraging clean and efficient energy production and use; and reducing the threat of global climate change while strengthening sustainable economic growth. Were the strategic objective framework to encompass all foreign aid, regardless of funding source, the economic growth objective would likely include most of the Millennium Challenge Corporation, adding as much as \$900 million in FY2012, and much of the Commander’s Emergency Response Program (CERP) and Afghanistan Infrastructure Fund, both funded by DOD at roughly \$800 million in FY2012.

Humanitarian Assistance

Humanitarian assistance responds to both natural and man-made disasters as well as problems resulting from conflict associated with failed or failing states. Responses include protection and assistance to refugees and internally displaced persons and provision of emergency food aid. Programs generally address unanticipated situations and are not integrated into long-term development strategies. In FY2012, humanitarian programs were funded at roughly \$4.0 billion.

Foreign Assistance: Traditional and Non-traditional

For decades, most U.S. foreign assistance was defined by discrete authorized accounts, funded by specific annual appropriations legislation, and implemented by foreign policy-focused departments and agencies. In the U.S. federal budget, these traditional foreign aid accounts have been subsumed under the 150 (international affairs) budget function. The Office of Management and Budget (OMB) has designated development and humanitarian assistance accounts as falling under subfunction 151 and security assistance accounts as subfunction 152. In appropriations terms, foreign assistance is traditionally funded through the foreign operations accounts in the annual State, Foreign Operations, and Related Agencies Appropriations bill, plus the P.L. 480 food assistance accounts in the Agriculture Appropriations bill (Table 2).

Table 2. Traditional Foreign Assistance, FY2002-FY2012

(appropriations, in billions of current U.S. \$)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Est.
Foreign Operations	16.54	23.67	39.05	22.27	23.06	26.08	27.69	34.31	37.49	33.05	36.03
P.L. 480 Food Aid	1.00	1.70	1.37	1.38	1.77	1.66	2.06	2.42	1.90	1.70	1.65
Traditional Aid, Total	17.54	25.37	40.42	23.65	24.83	27.74	29.75	36.73	39.39	34.72	37.68

Over the years, individual U.S. government departments and agencies began supporting programs that also might be characterized as foreign aid but are formulated and implemented outside of the sphere of U.S. foreign policy agencies and their traditional aid budgets. For instance, in the 1980s, the Environmental Protection Agency, using its own authorized and appropriated funds, cooperated on joint research with China on the health effects of various pollutants and conducted workshops in India on wastewater treatment in an effort to clean up the Ganges River. Many other U.S. departments and agencies maintain similar technical relationships with other country governments, often in the course of fulfilling their domestic mandates. It is estimated that these non-traditional sources of assistance

equaled about \$13.3 billion in obligated funds in FY2010, the most recent year data are available. Adding these funds to aid appropriated through traditional aid accounts would increase aid totals for that year from \$39.4 billion to \$52.7 billion.

The role of non-traditional aid likely has become more pronounced since the mid 1990s, in particular because of the role of the Department of Defense (DOD) in the aid programs of Iraq and Afghanistan; of DOD and the Department of Energy in nuclear non-proliferation programs, especially in the former Soviet Union; and of the National Institutes of Health (NIH) and Centers for Disease Control and Prevention (CDC) in the global HIV/AIDS program. These three distinct efforts make up the bulk (79%) of FY2010 non-traditional aid obligations.

The anomalous nature of non-traditional aid activities in Iraq and Afghanistan (see text box below) and the potentially disparate interpretation of the broad definition of foreign assistance employed by agencies to identify their non-traditional aid activities, together with inconsistent historic reporting of non-traditional aid, may distort aid trends.

What Are the Major Foreign Aid Funding Categories and Accounts?

The framework introduced by the Director of Foreign Assistance organizes assistance by foreign policy strategic objective. But there are many other ways to categorize foreign aid, one of which is to sort out and classify foreign aid accounts in the U.S. budget according to what they are expected to accomplish and from which appropriations account they are provided. While imperfect—these accounts support a variety of different aid agencies and serve multiple functions—this methodology encompasses all traditional aid, a larger universe than that in the strategic objective framework. However, as noted, the Department of Defense and some other government agencies undertake assistance programs with funding outside traditional foreign aid budget accounts. These non-traditional programs are not captured in this discussion (see text box above).

Assistance Serving Development and Humanitarian Purposes

A wide range of aid programs address development and humanitarian concerns. These are provided both bilaterally and multilaterally. In FY2012, \$21.3 billion—56% of U.S. assistance—focused on mitigating human suffering and poverty in developing countries.

Bilateral Development Assistance

Development assistance programs are designed chiefly to foster sustainable broad-based economic progress and social stability in developing countries. For FY2012, Congress appropriated \$12.6 billion in such assistance, or 33% of total foreign aid, primarily through the Development Assistance and Global Health accounts. This aid is managed by the U.S. Agency for International Development (USAID) and is used for long-term projects in the areas of economic reform and private sector development, democracy promotion, environmental protection, population control, and improvement of human health. Development activities that have gained more prominence in recent years include basic education, water and sanitation, and support for treatment of HIV/AIDS and other infectious diseases. A large portion of Global Health funds are directed through the State Department's Office of the Global AIDS Coordinator to other agencies, including USAID and the Center for Disease Control and Prevention (For more information on global health assistance, see CRS Report R41851, *U.S. Global Health Assistance: Background*

and Issues for the 112th Congress, by Tiaji Salaam-Blyther and Alexandra E. Kendall.) Other bilateral development assistance accounts support the development efforts of distinct institutions, such as the Peace Corps, Inter-American Development Foundation, African Development Foundation, Trade and Development Agency, and Millennium Challenge Corporation.

Multilateral Development Assistance

A share of U.S. foreign assistance—11% in FY2012—is combined with contributions from other donor nations to finance multilateral development projects. Multilateral aid is funded largely through the International Organizations and Programs (IO&P) account, accounts for each of the Multilateral Development Banks (MDBs), and various accounts for global environmental funds. For FY2012, Congress appropriated \$4.3 billion for development activities implemented by international organizations, including contributions to the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria; the United Nations Children’s Fund (UNICEF); the United Nations Development Program (UNDP); and MDBs, such as the World Bank. The U.S. share of donor contributions to each of the MDB concessional and non-concessional loan windows varies widely. In the most recent replenishment of the largest concessional bank, the World Bank’s International Development Association (IDA), the U.S. share was 12%, and U.S. contributions represent about 17% of total World Bank International Bank for Reconstruction and Development (IBRD) non-concessional lending. For more information on MDBs, see CRS Report R41170, *Multilateral Development Banks: Overview and Issues for Congress*, by Rebecca M. Nelson.

Humanitarian Assistance

For FY2012, Congress appropriated \$4.5 billion, 12% of assistance, for humanitarian aid programs.⁵ Unlike development assistance programs, which are often viewed as long-term efforts that may have the effect of preventing future crises from developing, humanitarian aid programs are devoted largely to the immediate alleviation of humanitarian emergencies. A large proportion of humanitarian assistance goes to programs, administered by the State Department and funded under the Migration and Refugee Assistance (MRA) and the Emergency Refugee and Migration Assistance (ERMA) accounts, aimed at addressing the needs of refugees and internally displaced persons. These accounts support a number of refugee relief organizations, including the U.N. High Commission for Refugees and the International Committee of the Red Cross. The International Disaster Assistance (IDA) account managed by USAID provides relief and rehabilitation assistance to victims of man-made and natural disasters, such as the 2010 Haiti earthquake.

Food assistance, funded at \$1.6 billion in FY2012, supplements both programs. The food aid program, generically referred to as P.L. 480 (after the law that authorizes it) or the Food for Peace program, provides U.S. agricultural commodities to developing countries. It is funded through two accounts in the Agriculture Appropriations bill. USAID-administered Title II (of the public law) grant food aid is mostly provided for humanitarian relief (roughly 60% in FY2012), but may also be provided by USAID to private voluntary organizations (PVOs) or multilateral organizations, such as the World Food Program, for development-oriented purposes. Title II funds

⁵ Because of the unanticipated nature of many disasters, humanitarian aid budget allocations often increase throughout the year as demands arise. The figure and proportion listed here do not include funding that may be added at some stage in the remainder of the fiscal year.

are also used to support the “farmer-to-farmer” program, which sends hundreds of U.S. volunteers as technical advisors to train farm and food-related groups throughout the world. The McGovern-Dole International Food for Education and Child Nutrition Program, a program begun in 2002, provides commodities, technical assistance, and financing for school feeding and child nutrition programs.⁶ For more background information on food aid programs, see CRS Report R41072, *International Food Aid Programs: Background and Issues*, by Charles E. Hanrahan.

Assistance Serving Both Development and Special Political/Strategic Purposes

Two aid accounts are distinctive in that their primary purpose is to promote special U.S. economic, political, or security interests. Programs funded through the Economic Support Fund (ESF) and the Assistance to Eastern Europe and Central Asia (AEECA) accounts generally aim to promote political and economic stability, often through activities indistinguishable from those provided under regular development programs.⁷ For FY2012, Congress appropriated \$6.4 billion, 17% of total assistance, through these accounts.

The bulk of these funds, 90%, was provided through ESF. For many years, following the 1979 Camp David accords, most ESF funds went to support the Middle East Peace Process. A significant amount of funding still goes to Egypt, the West Bank, and Jordan. Since the September 2001 terrorist attacks, however, ESF has also largely supported countries of importance in the U.S. counterterrorism strategy. In FY2012, for example, nearly half of the ESF appropriation is directed at Afghanistan and Pakistan.

The AEECA account combines two aid programs that were established at the demise of the Soviet empire to meet particular strategic political interests. The SEED (Support for East European Democracy Act of 1989) and the FREEDOM Support Act (Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992) programs were designed to help Central Europe and the newly independent states of the former Soviet Union (FSA) achieve democratic systems and free market economies. Over the years, funding has decreased significantly as countries in the region graduate from U.S. assistance, many joining the European Union.

Assistance Serving Security Purposes

A number of U.S. civilian and military-implemented aid programs directly address national security concerns, most seeking to strengthen the military capacity and civilian law enforcement competence of U.S. allies and cooperating developing countries. Together they account for \$10.4 billion, 27% of total U.S. assistance in FY2012.

Civilian Security Assistance

Two State Department-managed accounts—International Narcotics Control and Law Enforcement (INCLE) and Nonproliferation, Anti-Terrorist, Demining and Related Programs

⁶ Until FY1998, food provided commercially under long-term, low-interest loan terms (Title I of P.L. 480) was also included in the foreign assistance account. Because of its export focus, it is no longer considered foreign aid.

⁷ USAID estimates that about 93% of ESF and 70% of AEECA funds are implemented by USAID for development purposes.

(NADR)—are aimed at global concerns that are considered threats to U.S. security and well-being, such as terrorism, illicit narcotics, crime, and weapons proliferation. They have addressed each concern with aid programs that provide a range of law enforcement activities, training, and equipment. Especially since 2001, policymakers have given greater weight to these programs.

The INCLE account has grown substantially during the past decade, especially as the State Department has supported counternarcotics activities in Afghanistan and has taken on the burden of training police forces in Iraq. The NADR account encompasses anti-terrorism efforts such as detecting and dismantling terrorist financial networks, establishing watch-list systems at border controls, and building developing country anti-terrorism capacities. It also includes nonproliferation activities, such as support to the International Atomic Energy Agency and building capacity to detect and interdict transfer of weapons and delivery systems over borders.

While both accounts focus on security threats, they each support programs of a development or humanitarian nature. INCLE helps develop the judicial system—assisting judges, lawyers, and legal institutions—of many developing countries, especially in Iraq and Afghanistan, and the NADR program funds humanitarian demining programs.

Military Assistance

The United States provides military assistance to U.S. friends and allies to help them acquire U.S. military equipment and training. At \$7.7 billion, military assistance accounts for one-fifth of total U.S. foreign aid in FY2012. There are three main programs, with corresponding appropriations accounts, administered by the Department of State, but implemented by DOD. Foreign Military Financing (FMF) is a grant program that enables governments to receive equipment and associated training from the U.S. government or to access equipment directly through U.S. commercial channels. Most FMF grants support the security needs of Israel, Egypt, and, following the recent end of DOD-funded operations, Iraq. The International Military Education and Training program (IMET) offers military training on a grant basis to foreign military officers and personnel. Peacekeeping funds are used to support voluntary non-U.N. operations as well as training for an African crisis response force. As noted earlier, since 2002, DOD appropriations, not included in counts of traditional foreign aid, have supported FMF-like programs in Afghanistan and, previously, Iraq, at a level of more than \$11 billion in FY2012.

Iraq and Afghanistan Reconstruction Funding

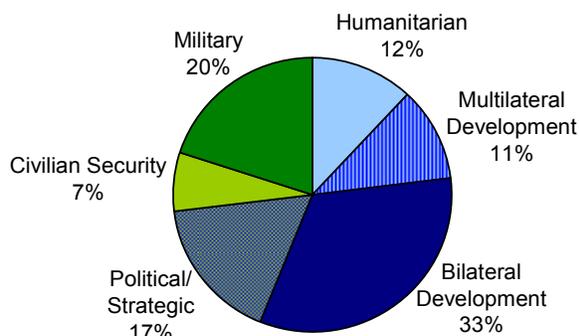
Between 2002 and 2012, reconstruction assistance to Iraq and Afghanistan from all U.S. sources accounted for \$139 billion and has, perhaps, skewed the portrait of the U.S. foreign aid program. Nearly \$21 billion of the total was funneled through an Iraq Relief and Reconstruction Fund in just two fiscal years, FY2003 and FY2004. Another \$84 billion of the total has been provided under the DOD budget, not traditionally included in foreign aid totals, and, therefore, unless otherwise noted, not captured in the context of this report.

While traditional foreign aid amounts noted in this report include figures for Iraq and Afghanistan reconstruction, it is important to keep in mind that these traditional aid efforts—\$4 billion in FY2012—might obscure other key trends in aid budget and policy priorities for the period FY2002-FY2012. Therefore, at various points throughout the text, notations state what a particular amount would equal if Iraq and/or Afghanistan assistance was excluded.

What Are the Recent Priorities and Trends in U.S. Foreign Aid?

Tracking changes in the amount of funds distributed to each objective, sector, type of assistance, or funding account is one means of measuring the relative priority placed by the executive branch on any of the aid activities represented by that category of assistance. Because Congress closely examines the executive's distribution of bilateral economic resources and in a number of cases modifies the President's proposed budget plan, funding trends also characterize congressional aid priorities and areas of special concern.⁸

Figure 1. Aid Program Composition, FY2012



Source: U.S. Department of State, Summary and Highlights, International Affairs, Function 150, FY2013; House and Senate Appropriations Committees; CRS calculations.

Trends in Types of U.S. Aid

As shown in **Figure 2** (and **Table A-1**), there have been shifts in the use of different types of U.S. assistance in response to world events and changing priorities. Grouping aid in the categories noted above, a number of notable trends over the last decade can be identified.

Increase in development/humanitarian aid. Reflecting a period of broad budget cuts in the mid-1990s, total development and humanitarian aid fell by 10% in real terms (2012 dollars) between FY1992 and FY2002. In the past 10 years, however, funding encompassed by this category of assistance has more than doubled in real terms. As a proportion of total U.S. assistance, development and humanitarian aid rose from a 42.5% share in FY2002 to 56% in FY2012. A large measure of that rise can be attributed to approval of significant sums for two new presidential aid priorities in 2004, the Millennium Challenge Corporation and the President's Emergency Plan for AIDS Relief (PEPFAR), which together boosted development aid to over half of total U.S. assistance by FY2005. PEPFAR and the Obama Administration's Global Health Initiative, begun in FY2009, have increased aid spending on health programs from nearly 8% in FY2002 to more than 21% of all aid in FY2012.

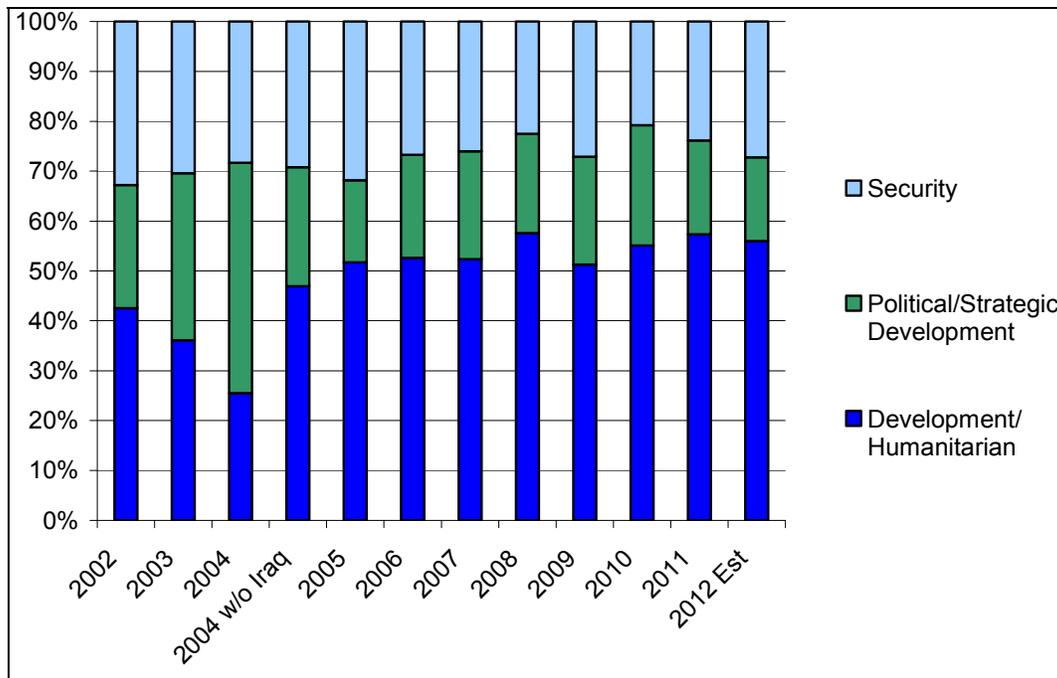
Increase in civilian security aid. Since the late 1990s, when anti-terror and counter-narcotics programs represented around 3% of total U.S. assistance, there has been a significant increase in civilian security programs. As a result of the Andean Counter-Narcotics Initiative launched in FY2000 and the strengthening of anti-terror programs following the September 11, 2001, terrorist

⁸ It is important to note that the amount of resources allocated to any single development sector relative to other sectors in any given year is not necessarily a good measure of the priority assigned to that sector. Different types of development activities require varying amounts of funding to have impact and achieve the desired goals. Democracy and governance programs, for example, are generally low-cost interventions that include extensive training sessions for government officials, the media, and other elements of civil society. Economic growth programs, on the other hand, might include infrastructure development, government budget support, or commodity import financing, activities that require significantly higher resources. What may be a better indicator of changing priorities is to compare funding allocations over time to the same objective or sector.

attacks, civilian security programs grew to 7% of total aid by FY2012. In 2012 dollars, funding for this type of aid has increased by 443% since 1998.

Decline in military aid. For more than two decades, military assistance as a share of total aid has generally declined, a trend that began after military aid peaked at 42% in FY1984. From FY2002 to FY2005, military aid averaged 24% of total aid, even while the United States provided additional support to many of the partner states in the war on terrorism. Due to the rise in relative prominence of development/humanitarian aid and the shift of responsibility for many security programs in Iraq and Afghanistan to DOD appropriations, by FY2010, military assistance hit an all-time low of 12%. By FY2012, with increased civilian responsibility for Iraq security forces support and Pakistan aid, traditional military aid accounted for 20% of the total.

Figure 2. Shifts in Program Emphasis, FY2002-2012
(as % of total U.S. foreign assistance appropriations)



Source: U.S. Department of State and CRS calculations.

Trends in Programs and Sectors of Special Interest

At various times, congressional and public attention centers on one or another slice of the aid effort. For instance, the large community of non-governmental organizations (NGOs) working on international sustainable development activities most often concerns itself with what some call “core accounts,” usually defined as those most poverty-focused.⁹ Collectively, these accounts have grown significantly over the 10-year period from 2002 to 2012, from \$4.9 billion to \$16.5

⁹ Different organizations would count different programs as poverty-focused, but most would likely include Global Health, Development Assistance, Millennium Challenge Corporation, International Organizations & Programs, Transition Initiatives, Disaster Assistance, Migration and Refugee Assistance, and Food Aid.

billion (a 239% increase), largely due to the launching of the HIV/AIDS and MCC programs, as well as a substantial rise in humanitarian aid funding.

As noted earlier, one of the most striking changes in the distribution of economic aid resources in recent years has been the sharp growth in funding for health programs, especially in the area of HIV/AIDS and other infectious diseases (see **Table 1**). In 2004, the Bush Administration launched a five-year Global AIDS Initiative, the President's Emergency Plan for AIDS Relief (PEPFAR), with the goal of treating 2 million HIV-infected individuals and caring for 10 million infected people and AIDS orphans, that eventually provided over \$18 billion. The program was reauthorized in 2008 (P.L. 110-293) at \$48 billion for FY2009 through FY2013 to support prevention and treatment of HIV/AIDS, malaria, and tuberculosis. Encompassing all health programs, a Global Health Initiative introduced by President Obama in 2009 promises expenditures of \$63 billion between 2009 and 2014. Overall, health funding has increased more than 500% over the past decade. Spending on TB and malaria has increased by 409% since PEPFAR began in FY2004. Funding has also risen notably for child survival and maternal health projects that aim to reduce infant mortality, combat malnutrition, improve the quality of child delivery facilities, and raise nutritional levels of mothers. Funding for these activities has grown by 79% in the past 10 years.

Public support and congressional and Administration action often raise the priority given to specific sectors or programs. In recent years, high-profile programs include support for microenterprise, basic education, clean water, and sanitation. Congress helped boost each of these specific interests through legislative directives in the annual foreign aid appropriations legislation. Funding for microenterprise went from \$58 million in FY1988 to \$154 million in FY1999 and \$262 million in FY2010. Congress has recommended a level of \$265 million for FY2012. Basic education programs were funded at about \$95 million in FY1997; the level rose to \$981 million in FY2010. Congress has set a level of \$800 million in FY2012. Funding for clean drinking water supply and sanitation projects was an estimated \$215 million in FY2002; in FY2009, it reached \$514 million but declined to \$340 million in FY2010, as much of the funding rested on availability of funding in large aid programs in places such as West Bank/Gaza, Jordan, and Afghanistan, as well as MCC programs. Congress has directed a level of \$315 million in FY2012.

Some sectors that had lost out in the funding competition in recent decades are making a notable rebound with support from the Obama Administration. Agriculture programs saw significant decreases from the 1970s and 1980s, when they represented the bulk of U.S. development assistance. In FY1984, agriculture and rural development received an appropriation of \$725 million from the development assistance account, compared to \$315 million in FY1998 and \$474 million in FY2008 from all USAID/State accounts. The FY2012 level is \$1.4 billion, reflecting a 2009 Feed the Future presidential initiative to provide \$3.5 billion in agriculture funding over three years. Programs managing natural resources and protecting the global environment fell from \$504 million in FY2002 to \$324 million in FY2008. Environmental programs received \$804 million in FY2010, more than doubling in just two years. The FY2012 level is estimated at \$767 million.

Which Countries Receive U.S. Foreign Aid?

In FY2012, the United States is providing some form of bilateral foreign assistance to about 147 countries.¹⁰ **Table 3** identifies the top 15 recipients of U.S. foreign assistance for FY2002 and FY2012. Assistance, although provided to many nations, is concentrated heavily in certain countries, reflecting the priorities and interests of United States foreign policy at the time.

As shown in the table below, there are both similarities and sharp differences among country aid recipients for the two periods. The most consistent thread connecting the top aid recipients over the past decade has been continuing U.S. strategic interests in the Middle East, with large programs maintained for Israel and Egypt and relatively smaller programs for Jordan and West Bank/Gaza. Two key countries in the U.S. counterterrorism strategy, Afghanistan and Pakistan, made their first appearances on the list in FY2002 and continue into FY2012. Iraq joined the list in FY2003.

Table 3. Top Recipients of U.S. Foreign Assistance, FY2002 & FY2012
(in millions of current US\$)

FY2002		FY2012	
Israel	2,788	Israel	3,075
Egypt	1,960	Afghanistan	2,327
Pakistan	1,050	Pakistan	2,102
Afghanistan	686	Iraq	1,683
Colombia	406	Egypt	1,557
Jordan	355	Tanzania	752
Turkey	253	Jordan	701
Peru	234	Kenya	652
India	173	Nigeria	625
Yugoslavia	167	Ethiopia	580
Ukraine	167	Mozambique	579
Russia	164	South Africa	500
Uzbekistan	160	West Bank/Gaza	496
Bolivia	154	South Sudan	470
Indonesia	142	Uganda	461

Source: Department of State, Foreign Operations CBJ FY2004, FY2013.

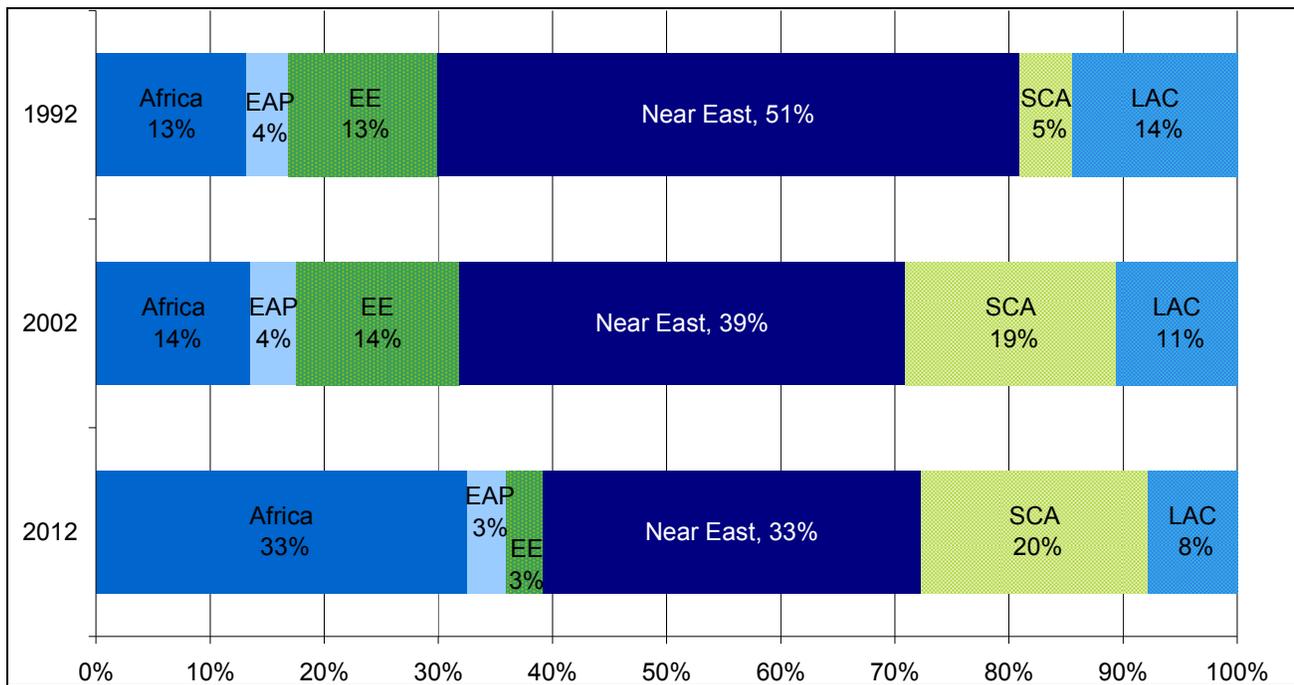
Note: Includes supplementals and projected Millennium Challenge Corporation Compact disbursements in FY2012.

¹⁰ Generally, assistance to a country is funneled, in various forms, to the country's private sector, non-governmental organizations, local communities, individual entrepreneurs, and other entities. Assistance is provided directly to the government of a country where the intention is to effect policy reforms, improve governance, or work with a sector in which the government is the predominant element, such as in healthcare 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.

In FY2002, not one sub-Saharan African country appeared among leading aid recipients; in FY2012, 8 of the 15 are sub-Saharan African. Most are focus countries under the initiative to address the HIV/AIDS epidemic; South Sudan receives support as a newly independent country with multiple development needs. In FY2002, four countries from Eastern Europe and the former Soviet Union made the list, as many from the region had for much of the 1990s, representing the effort to transform the former communist nations to democratic societies and market-oriented economies. None appear in the FY2012 list. Similarly, in FY2002, three Latin American countries were major recipients largely due to their role in U.S. counternarcotics efforts. No countries from the region appear in FY2012.

On a regional basis (**Figure 3**), the Near East (a State Department category that includes the countries of the Middle East) has for many decades received the bulk of U.S. foreign assistance. However, with economic aid to the region's top two recipients, Israel and Egypt, declining since the late 1990s and overall increases in other regions, the share of bilateral U.S. assistance consumed by the Near East region fell from about 51% in FY1992 to 39% in FY2002 to about 33% by FY2012.

Figure 3. Regional Distribution of Aid, FY1992, FY2002, and FY2012



Source: USAID and Department of State.

Notes: EAP = East Asian/Pacific; EE = Europe/Eurasia; SCA = South/Central Asia; LAC = Latin American/Caribbean. Based on appropriated levels. Figures include supplemental appropriations, Iraq and Afghanistan.

Since September 11, 2001, South and Central Asia has emerged as a significant recipient of U.S. assistance, rising from a roughly 5% share 20 years ago to nearly 19% in FY2002 and 20% in FY2012, largely because of aid to Afghanistan and Pakistan. Similarly, the share represented by African nations has increased from 13% and 14%, respectively, in FY1992 and FY2002 to about 33% in FY2012, largely due to the HIV/AIDS Initiative that funnels resources mostly to African

countries. Meanwhile, the share of aid to Europe/Eurasia, which matched that of Africa in FY1992 and FY2002, has declined significantly in the past decade, to about 3% in FY2012, with the graduation of many East European aid recipients and the phasing down of programs in Russia, Ukraine, and other former Soviet states. East Asia has declined only slightly during the decade, from about 4% to 3%, while Latin America has seen a somewhat more significant decline in its share of aid, from 14% in FY1992 to 11% in FY2002 and 8% in FY2012, as aid has shifted to regions of more pressing strategic interest.

For more information on foreign aid to select countries, see CRS Report R41856, *Pakistan: U.S. Foreign Assistance*, by Susan B. Epstein and K. Alan Kronstadt; CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp; and CRS Report R40699, *Afghanistan: U.S. Foreign Assistance*, by Curt Tarnoff.

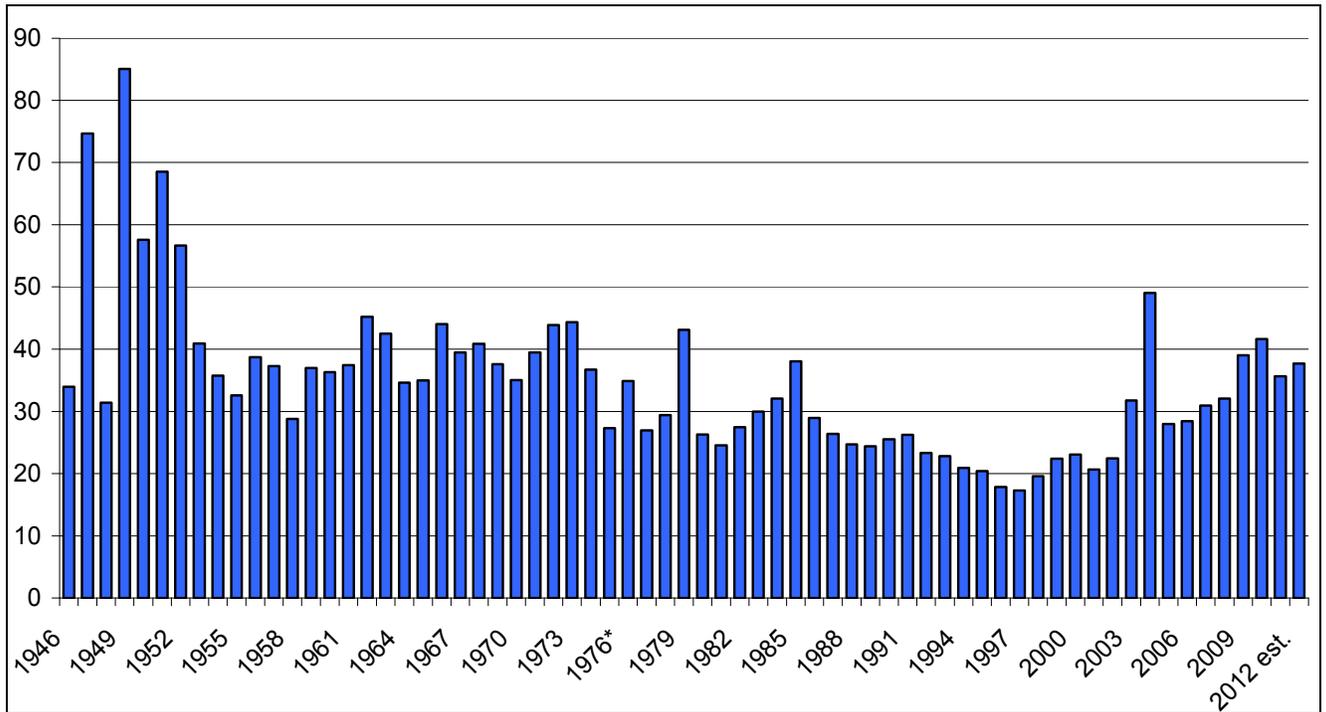
Foreign Aid Spending

How Large Is the U.S. Foreign Assistance Budget and What Have Been the Historical Funding Trends?

There are several methods commonly used for measuring the amount of federal spending on foreign assistance. Amounts can be expressed in terms of budget authority (funds appropriated by Congress), obligations (amounts contractually committed), outlays or disbursements (money actually spent), 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 steadily on average over several decades since the historical high levels of the late 1940s and early 1950s (**Figure 4**). This downward trend was sporadically interrupted, largely due to major foreign policy initiatives such as the Alliance for Progress for Latin America beginning in 1961, the infusion of funds to implement the Camp David Middle East Peace Accords in 1979, and a spike in military assistance in 1985. The lowest point in U.S. foreign aid spending since World War II came in 1996 and 1997, when foreign assistance obligations fell to below \$18 billion (in 2012 dollar terms).

Figure 4. U.S. Foreign Aid: FY1946-FY2012
(in billions of constant 2012\$)

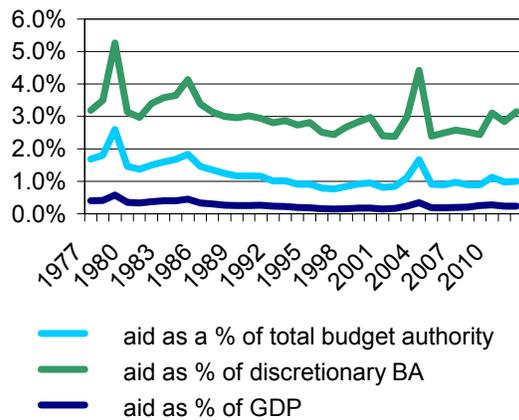


Sources: U.S. Overseas Loans and Grants (Greenbook); CRS appropriations reports and CRS calculations.

Notes: The data in this table for FY1946-FY1976 represent obligated funds (total economic and military assistance) reported in U.S. Overseas Loans and Grants (Greenbook), the most reliable source available for pre-1970s data. FY1976 includes both regular FY1976 and transition quarter (TQ) funding. FY1977-FY2012 are appropriations figures from annual CRS appropriations reports.

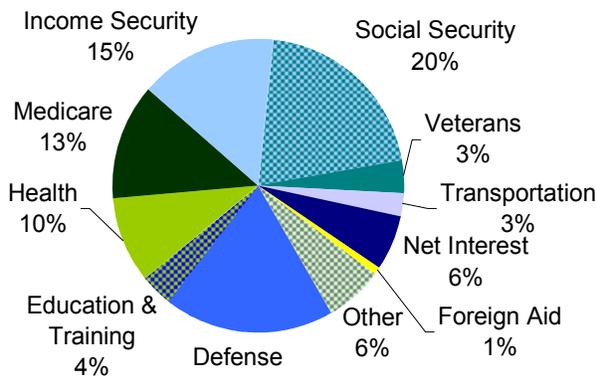
While foreign aid consistently represented over 1% of U.S. annual gross domestic product from 1946 through the mid-1950s, it has ranged between 0.5% and 0.2% for the past three decades. Foreign assistance spending represents, on average, around 3% of discretionary budget authority and just over 1% of total budget authority each year since 1977, though the percentages have varied considerably from year to year and have generally declined. Foreign aid dropped from nearly 5.3% of discretionary budget authority in 1979 to 2.4% in 2001 and 2002, before rising sharply in conjunction with U.S. activities in Afghanistan and Iraq in 2003 and 2004. As a portion of total budget authority, foreign assistance reached 2.6% in 1979, but has hovered near or just under 1% since 1990, with the exception of 2004 (1.7%). In 2012, foreign assistance accounts for an estimated 3.2% of discretionary budget authority and 1.0% of total budget outlays (Figure 5 and Figure 6).

Figure 5. Aid as a % of the Federal Budget and GDP, FY1977-FY2012 Est.



Source: OMB Historic Budget Table FY2013; CRS reports and calculations

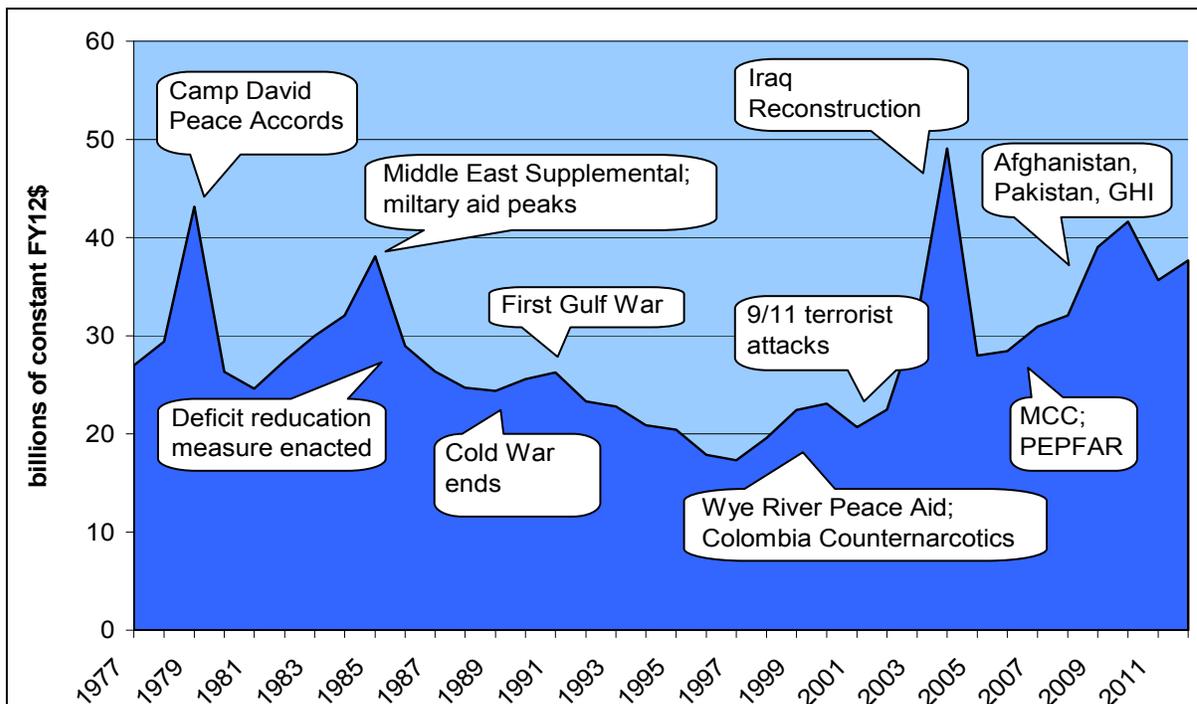
Figure 6. U.S. Budget Outlays, FY2012 Est.



Source: U.S. Historic Budget Tables, FY2013.

As previously discussed, since the September 11, 2001, terrorist attacks, foreign aid funding has been closely tied to U.S. counterterrorism strategy, particularly in Iraq, Afghanistan, and Pakistan. Bush and Obama Administration global health initiatives, the creation of the Millennium Challenge Corporation, and growth in counternarcotics activities have driven funding increases as well. **Figure 7** shows how trends in foreign aid funding in recent decades can be attributed to specific foreign policy events and presidential initiatives.

Figure 7. Foreign Aid Funding Trends, FY1977-FY2012



Source: CRS appropriations reports.

Note: MCC = Millennium Challenge Corporation; PEPFAR = President’s Emergency Plan for AIDS Relief; GHI = Global Health Initiative.

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

Most U.S. foreign aid is used to procure U.S. goods and services, although amounts of aid coming back to the United States differ by program. For some types of aid, the legislative

requirements or program design make it relatively easy to determine how much aid is spent on U.S. goods or services, while for others, this is more difficult to determine:

- **USAID.** Most USAID funding (Development Assistance, Global Health, Economic Support Fund) is implemented through contracts, grants and cooperative agreements with implementing partners. While many implementing partner organizations are based in the United States and employ U.S. citizens, there is little information available about what portion of the funds used for program implementation are used for goods and services provided by American firms.
- **Food assistance** commodities, until recently, were purchased wholly in the United States, and generally required by law to be shipped by U.S. carriers,¹¹ suggesting that the vast majority of food aid expenditures are made in the United States. Starting in FY2009, a small portion of food assistance is authorized to be purchased locally and regionally to meet urgent food needs more quickly.
- **Foreign Military Financing**, with the exception of certain assistance allocated to Israel, is used to procure U.S. military equipment and training.¹²
- **Millennium Challenge Corporation.** The MCC uses procurement regulations established by the World Bank, which calls for an open and competitive process, with no preference given to donor country suppliers. As a result, MCC contracts are sometimes awarded to firms from developed countries other than the United States.
- **Multilateral development aid.** Multilateral aid funds are mixed with funds from other nations and the bulk of the program is financed with borrowed funds rather than direct government contributions. Information on the U.S. share of procurement financed by MDBs is unavailable.

The Foreign Assistance Act of 1961 limits the expenditure of foreign assistance funds outside the United States.¹³ Aid conditioned in this way on the procurement of goods and services from the donor-country is sometimes called “tied aid,” and has become increasingly disfavored in the international community.¹⁴ Studies have shown that tying aid increases the costs of goods and services by 15%-30% on average, and up to 40% for food aid, reducing the overall effectiveness of aid flows.¹⁵ The United States joined other donor nations in committing to reduce tied aid in the Paris Declaration on Aid Effectiveness in March 2005, and the portion of tied aid from all donors fell from 70% of total bilateral development assistance in 1985 to an average of 14% in 2008-2009. However, 28% of U.S. bilateral development assistance in 2008-2009 was tied,

¹¹ The Cargo Preference Act, P.L. 83-644, August 26, 1954.

¹² For the research, development and procurement of advanced weapons systems, not less than \$808.7 million of aid to Israel in FY2012 could be used for offshore procurement (about 16% of total Foreign Military Finance for that year).

¹³ Section 604 of the Foreign Assistance Act of 1961 (P.L. 87-195; 22 U.S.C. §2151)—often referred to as the “Buy America” provision—requires that funds be spent “only in the United States, the recipient country, or developing countries” unless the assistance requires commodities or services that are not available in any such country or the President determines that procurement from an otherwise excluded country is necessary.

¹⁴ OECD Report on The Developmental Effectiveness of Untied Aid, p.1, available at <http://www.oecd.org/dataoecd/5/22/41537529.pdf>.

¹⁵ *Id.*

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.¹⁶

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. First, it is argued that provision of military equipment through the military assistance program and food commodities through P.L. 480, the Food For Peace program, helps to develop future, strictly commercial, markets for those products. Second, as countries develop economically, they are in a position to purchase more goods from abroad and the United States benefits as a trade partner. An increasing majority of global consumers are outside of the United States, and 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.¹⁷

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

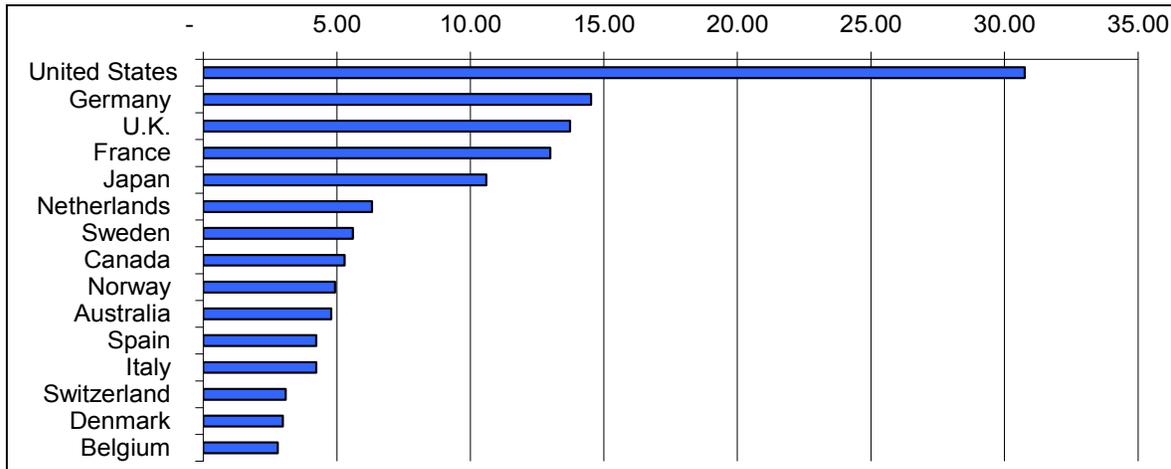
Since World War II, with the exception of several years between 1989 and 2001, during which Japan periodically ranked first among aid donors, the United States has led the developed countries in net disbursements of economic aid, or “Official Development Assistance (ODA)” as defined by the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC).¹⁸ In 2011, the most recent year for which data are available, the United States disbursed \$30.75 billion in ODA, or about 23% of the \$133.5 billion in total net ODA disbursements by DAC donors that year. Germany ranked second at \$14.53 billion, the United Kingdom followed at \$13.74 billion, and France ranked fourth at \$12.99 billion. Japan, which has significantly scaled back its foreign aid program in recent years, gave \$10.60 billion in 2011 (see **Figure 8**).

¹⁶2011 OECD Development Cooperation Report, pp. 29, 191.

¹⁷ See “America’s Global Leadership: A Strategic Investment for U.S. Jobs,” U.S. Global Leadership Coalition, 2011, at <http://www.usglc.org/wp-content/uploads/2011/07/USGLC-Economic-Brief.pdf>.

¹⁸ The OECD Glossary of Statistical Terms defines ODA as “flows of official financing administered with the promotion of economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25%. By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries and to multilateral institutions.” ODA does not include military assistance or aid to developed countries, such as Israel and Russia.

Figure 8. Top Donors of Official Development Assistance, 2011
(in billions, US\$)



Source: OECD/DAC. Includes all countries providing at least \$2 billion in ODA in 2010.

Even as it leads in dollar amounts of aid flows to developing countries, the United States often ranks low when aid is calculated as a percentage of gross national income (GNI).¹⁹ This calculation is often cited in the context of international donor forums, as a level of 0.7% GNI was established as a target for donors in the 2000 U.N. Millennium Development Goals. In 2011, the United States ranked near the bottom among major donors at 0.20% of GNI, slightly higher than Italy (0.18%) and Japan (0.19%). Sweden ranked first at 1.02% of GNI, followed by Norway at 1.00%, while the United Kingdom dispensed 0.56%, France 0.46%, and Germany 0.40%.

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 Administer Foreign Aid Programs?

U.S. Department of State

The Department of State manages and co-manages a wide range of assistance programs. It is the lead U.S. civilian agency on security and refugee related assistance, and has sole responsibility for the International Narcotics and Law Enforcement (INCLE) and Nonproliferation, Antiterror, and Demining (NADR) accounts, the two Migration and Refugee accounts (MRA and ERMA), and the International Organizations and Programs (IO&P) account. State is also home to the Office of the Global AIDS Coordinator (OGAC), which manages the State Department's portion

¹⁹ Gross National Income (GNI) comprises GDP together with income received from other countries (notably interest and dividends), less similar payments made to other countries.

of Global Health funding in support of HIV/AIDS programs. These health programs, however, are implemented chiefly by USAID, the National Institutes of Health, and the Centers for Disease Control and Prevention. Solely managed State Department aid programs amounted to about \$10.5 billion in FY2012.

In conjunction with USAID, the State Department manages the Economic Support Fund, AEECA assistance to the former communist states, and Democracy Fund accounts. For these accounts, totaling \$6.5 billion in FY2012, the State Department largely sets the overall policy and direction of funds, while USAID implements the preponderance of programs.

In addition, the State Department, through its Bureau of Political-Military Affairs, has policy authority over the Foreign Military Financing (FMF), International Military Education and Training (IMET), Peacekeeping Operations (PKO), and the Pakistan Counterinsurgency Capability Fund (PCCF), which totaled \$7.65 billion in FY2012. These programs are administered by the Department of Defense. Police training programs have traditionally been the responsibility of the International Narcotics and Law Enforcement (INL) Office in the State Department, though programs in Iraq and Afghanistan were managed and paid for by the Department of Defense for several years before transitioning to State Department control in 2011 and 2012.

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

U.S. Agency for International Development

For 50 years, the bulk of the U.S. bilateral economic development and humanitarian aid program has been administered and implemented by the U.S. Agency for International Development (USAID). USAID directly administers the Development Assistance, International Disaster Assistance, and Transition Initiatives accounts, as well as a USAID-designated portion of the Global Health account. These core USAID accounts amounted to \$6.2 billion in FY2012. As noted above, jointly with the State Department, USAID co-manages ESF, AEECA, and Democracy Fund programs, which frequently support development activities as a means of promoting U.S. political and strategic goals.²⁰ 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 of Title II of P.L. 480 (Food for Peace program) food assistance funded through Agriculture appropriations. Funding for programs managed or implemented by USAID totaled about \$16.8 billion in FY2012, excluding the agency’s operating expenses accounts. USAID’s staff in late September 2011 totaled 9,475, of which more than 70% (6,696) were working overseas, overseeing the implementation of hundreds of projects undertaken by thousands of private sector contractors, consultants, and non-governmental organizations.²¹

²⁰ The State Department determines the policy on distribution of funds from these accounts.

²¹ Semi-Annual USAID Worldwide Staffing Pattern Report, September 30, 2011. Of total staff, 3,889 were U.S. direct hires, 4,500 were nationals of the foreign countries in which they work, and 775 were U.S. personal service contractors.

U.S. Department of Defense

As noted above, DOD administers all traditional aid-funded military assistance programs—FMF, IMET, PKO, and PCCF—in conjunction with the policy guidance of the Department of State. The Defense Security Cooperation Agency is the primary DOD body responsible for these programs. In FY2012, funding for these assistance programs totaled \$7.65 billion. DOD also carries out an array of state-building activities, funded through defense appropriations legislation, which are usually in the context of training exercises and military operations and are not counted as foreign assistance for the purposes of this report. These sorts of activities, once the exclusive jurisdiction of civilian aid agencies, include development assistance to Iraq and Afghanistan through the Commander’s Emergency Response Program (CERP), the Iraq Relief and Reconstruction Fund, and the Afghanistan Infrastructure Fund, and elsewhere through the Defense Health Program, counter-drug activities, and humanitarian and disaster relief. Training and equipping of Iraqi and Afghan police and military, though similar in nature to some traditional security assistance programs, has been funded primarily through DOD appropriations, though the Iraq police training program became a State Department responsibility in 2011.

U.S. Department of the Treasury

The Treasury Department’s Under Secretary for International Affairs administers U.S. contributions to and participation in the World Bank and other multilateral development institutions. Presidentially appointed U.S. executive directors at each of the banks represent the United States’ point of view. Treasury also deals with foreign debt reduction issues and programs, including U.S. participation in the Highly Indebted Poor Countries (HIPC) initiative, and manages a technical assistance program offering temporary financial advisors to countries implementing major economic reforms and combating terrorist finance activity. For FY2012, funding for activities falling under the Treasury Department’s jurisdiction totaled about \$3.0 billion.

Millennium Challenge Corporation

The Millennium Challenge Corporation (MCC) was created in February 2004 with the purpose of concentrating significantly higher amounts of U.S. resources in a few low- and lower-middle income countries that have demonstrated a strong commitment to political, economic, and social reforms. A significant feature of the MCC effort is that recipient countries formulate, propose, and implement mutually agreed multi-year U.S.-funded project plans known as compacts. Compacts in the 24 recipient countries selected to date have emphasized construction of infrastructure. The MCC is a U.S. government corporation, headed by a chief executive officer who reports to a board of directors chaired by the Secretary of State. The Corporation maintains a relatively small staff of about 300. The MCC manages a budget of \$898 million in FY2012. For more information on MCC, see CRS Report RL32427, *Millennium Challenge Corporation*, by Curt Tarnoff.

Other Agencies

A number of other government agencies play a role in implementing foreign aid programs. The Peace Corps, an autonomous agency with an FY2012 budget of \$375 million, supports about 9,000 volunteers in 75 countries. Peace Corps volunteers work in a wide range of educational, health, and community development projects. The Trade and Development Agency (TDA)

finances trade missions and feasibility studies for private sector projects likely to generate U.S. exports. Its budget in FY2012 was \$50.0 million. The Overseas Private Investment Corporation (OPIC) provides political risk insurance to U.S. companies investing in developing countries and finances projects through loans and guarantees. It also supports investment missions and provides other pre-investment information services. Its insurance activities have been self-sustaining, but credit reform rules require a relatively small appropriation to back up U.S. guarantees and for administrative expenses. For FY2012, OPIC receipts are anticipated to exceed appropriations, resulting in a net gain to the Treasury. The Inter-American Foundation and the African Development Foundation, appropriated \$22.5 million and \$30.0 million, respectively, in FY2012, finance small-scale enterprise and grassroots self-help activities aimed at assisting poor people. For more information on these agencies, see CRS Report 98-215, *The Peace Corps: Background and Issues for Congress*, by Curt Tarnoff, and CRS Report 98-567, *The Overseas Private Investment Corporation: Background and Legislative Issues*, by Shayerah Ilias.

What Are the Different Forms in Which Assistance Is Provided?

Most U.S. assistance is now provided as a grant (gift) rather than a loan, so as not to increase the heavy debt burden carried by many developing countries. However, the forms a grant may take are diverse.

Cash Transfers

Although it is the exception rather than the rule, some countries receive aid in the form of a cash grant to the government. Dollars provided in this way support a government's balance-of-payments situation, enabling it to purchase more U.S. goods, service its debt, or devote more domestic revenues to developmental or other purposes. Cash transfers have been made as a reward to countries that have supported the United States' counterterrorism operations (Turkey and Jordan in FY2004), to provide political and strategic support (both Egypt and Israel annually for decades after the 1979 Camp David Peace Accord), and in exchange for undertaking difficult political and economic reforms. The West Bank/Gaza, Jordan, and Tunisia are receiving aid in the form of cash transfers in FY2012.²²

Equipment and Commodities

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

²² Information provided by the State Department, F Bureau, April 6, 2012.

Economic Infrastructure

Although once a significant portion of U.S. assistance programs, construction of economic infrastructure—roads, irrigation systems, electric power facilities, etc.—was rarely provided after the 1970s. Because of the substantial expense of these projects, they were to be found only in large assistance programs, such as that for Egypt in the 1980s and 1990s, where the United States constructed major urban water and sanitation systems. In the past decade, however, the aid programs in Iraq and Afghanistan have supported the building of schools, health clinics, roads, power plants, and irrigation systems. In Iraq alone, more than \$10 billion went to economic infrastructure. Economic infrastructure is now also supported by U.S. assistance in a wider range of developing countries through the Millennium Challenge Corporation. In this case, recipient countries design their own assistance programs, most of which, to date, include an infrastructure component.

Training

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

Expertise

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

Small Grants

USAID, the Inter-American Foundation, and the African Development Foundation often provide aid in the form of grants that may then be used by U.S. or indigenous organizations to further their varied developmental purposes. For instance, grants are sometimes provided to microcredit organizations, which in turn provide loans to microentrepreneurs. Through the USAID-funded Eurasia Foundation, grants are provided to help strengthen the role of former Soviet Union non-governmental organizations in democratization and private enterprise development.

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

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

Loan/Grant Composition

During the past two decades, nearly all foreign aid—military as well as economic—has been provided in grant form. While loans represented 32% of total military and economic assistance between 1962 and 1988, this figure declined substantially beginning in the mid-1980s, until by FY2001, loans represented less than 1% of total aid appropriations. In 2010, the most recent year for which data are available, the United States provided no official development assistance in the form of loans. The de-emphasis on loan programs came largely in response to the debt problems of developing countries. Both Congress and the executive branch supported the view that foreign aid should not add to the already existing debt burden carried by these countries.

Loan Guarantees

Although a small proportion of total current aid, there are two significant USAID-managed programs that guarantee loans. A Development Credit Authority loan guarantee, in which risk is shared with a private sector bank, can be used to increase access to finance in support of any development sector. Under the Israeli Loan Guarantee Program, the United States has guaranteed repayment of loans made by commercial sources to support the costs of immigrants settling in Israel from other countries and may issue guarantees to support economic recovery.²³

Loan Repayment

Between 1946 and 2010, the United States loaned more than \$109.3 billion in foreign economic and military aid, and while most foreign aid is now provided through grants, \$14.1 billion in loans to foreign governments remained outstanding at the end of FY2010.²⁴ For nearly three decades, Section 620q of the Foreign Assistance Act (the Brooke amendment) has prohibited new assistance to 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. As of February 2012, countries in violation of Brooke are Argentina, Somalia, Sudan, Syria, and Zimbabwe. However, for FY2012, restrictions were waived for

²³ Israel has not drawn on any loan guarantees since FY2004.

²⁴ U.S. Overseas Loans and Grants: Obligations and Loan Authorizations, July 1, 1945-September 30, 2010 (Greenbook), Standard Country Report.

Somalia, and Sudan continues to receive aid that was authorized “notwithstanding” such restrictions in the law.²⁵

Debt Forgiveness

The United States has also forgiven debts owed by foreign governments and encouraged, with mixed success, other foreign aid donors and international financial institutions to do likewise. In total, the United States forgave about \$25.0 billion owed by foreign governments between 1990 and 2009 through legislative and bilateral negotiation.²⁶

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. This initiative, which began in the late 1990s and continues in 2012, includes participation of the World Bank, the International Monetary Fund, and other international financial institutions in a comprehensive debt workout framework for the world’s poorest and most debt-strapped nations.

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

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

Most development and humanitarian assistance activities are not directly implemented by U.S. government personnel but by private sector entities, such as individual personal service contractors, consulting firms, non-profit non-government organizations (NGOs), universities, or charitable private voluntary organizations (PVOs). Generally speaking, government foreign service and civil servants determine the direction and priorities of the aid program, allocate funds while keeping within legislative requirements, ensure that appropriate projects are in place to meet aid objectives, select implementers, and monitor the implementation of those projects for effectiveness and financial accountability. In recent years, USAID has sought to increase its workforce and technical capacity²⁷ in part to reduce its reliance on private sector implementers. At the same time, both USAID and the State Department have promoted the use of public-private partnerships, in which private entities such as corporations and foundations are contributing partners, not paid implementers, in situations where business interests and development

²⁵ Information provided to CRS by the State Department, April 6, 2012.

²⁶ U.S. Department of the Treasury and the Office of Management and Budget. *U.S. Government Foreign Credit Exposure as of December 31, 2009*, p. 22.

²⁷ The Development Leadership Initiative, begun in 2008, is intended to realize this transition.

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

Congress and Foreign Aid

What Congressional Committees Oversee Foreign Aid Programs?

Numerous congressional authorizing committees and appropriations subcommittees maintain responsibility for U.S. foreign assistance. Several committees have responsibility for *authorizing* legislation establishing programs and policy and for conducting oversight of foreign aid programs. In the Senate, the Committee on Foreign Relations, and in the House, the Committee on Foreign Affairs, have primary jurisdiction over bilateral development assistance, political/strategic and other economic security assistance, military assistance, and international organizations. Food aid, primarily the responsibility of the Agriculture Committees in both bodies, is shared with the Foreign Affairs Committee in the House. U.S. contributions to multilateral development banks are within the jurisdiction of the Senate Foreign Relations Committee and the House Financial Services Committee.

Traditionally, most foreign aid *appropriations* fall under the jurisdiction of the State-Foreign Operations Subcommittees, with food assistance appropriated by the Agriculture Subcommittees. As noted earlier, however, certain military activities that could be categorized as foreign aid have been appropriated through the Defense Subcommittees in recent years. For current information on State-Foreign Operations Appropriations legislation, see CRS Report R42429, *Fact Sheet: The FY2013 State and Foreign Operations Budget Request*, by Susan B. Epstein, Marian Leonardo Lawson, and Alex L. Tiersky.

What Are the Major Foreign Aid Legislative Vehicles?

The most significant *permanent* foreign aid *authorization* laws are the Foreign Assistance Act of 1961, covering most bilateral economic and security assistance programs (P.L. 87-195; 22 U.S.C. 2151); the Arms Export Control Act (1976), authorizing military sales and financing (P.L. 90-629; 22 U.S.C. 2751); the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), covering food aid (P.L. 83-480; 7 U.S.C. 1691); and the Bretton Woods Agreement Act (1945), authorizing U.S. participation in multilateral development banks (P.L. 79-171; 22 U.S.C. 286).²⁸ In the past, Congress usually scheduled debates every two years on omnibus foreign aid bills that amended these permanent authorization measures. Although foreign aid authorizing bills have passed the House or Senate, or both, on numerous occasions, Congress has not enacted into law a comprehensive foreign assistance authorization measure since 1985. Instead, 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.²⁹

²⁸ 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.

²⁹ 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 (continued...)

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

In the absence of regular enactment of foreign aid *authorization* bills, *appropriation* measures considered annually within the State-Foreign Operations 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, State-Foreign Operations appropriations also incorporate new policy initiatives that would otherwise be debated and enacted as part of authorizing legislation.

(...continued)

public diplomacy issues. Food aid and amendments to P.L.480 are usually considered in the omnibus “farm bill” that Congress re-authorizes every five years.

Appendix A. Data Tables

Table A-1. Program Composition, FY2002-FY2012 Est.
(as % of total aid)

	2002	2003	2004	2004 w/o Iraq	2005	2006	2007	2008	2009	2010	2011	2012 Est.
Development/Humanitarian	42.5	36.1	25.5	46.9	51.7	52.6	52.4	57.6	51.3	55.1	57.3	56.0
Bilateral Development	21.6	16.0	13.9	26.6	31.7	32.2	33.7	36.5	30.8	33.2	36.4	32.9
Multilateral Development	9.1	7.4	5.1	9.3	7.5	8.3	6.8	7.1	6.9	8.5	8.7	11.2
Humanitarian	11.8	12.8	6.5	12.0	12.5	12.1	12.0	14.0	13.6	13.4	12.2	11.9
Political/Strategic Development	24.7	33.5	46.2	23.9	16.5	20.7	21.6	19.9	21.7	24.1	18.8	16.8
Security	32.8	30.4	28.3	29.2	31.8	26.7	26.0	22.5	27.1	20.8	23.9	27.2
Civilian Security Assistance	7.9	5.1	3.9	7.2	8.8	6.9	6.8	5.8	6.8	8.9	6.6	7.1
Military Assistance	24.9	25.3	24.4	22.0	23.0	19.8	19.2	16.7	20.3	11.9	17.3	20.1

Source: USAID, House and Senate Appropriations Committees, and CRS calculations.

Notes: Table omits operational expense accounts. Funding from FY2009 supplemental appropriations that were considered “forward funding” of the FY2010 request are reflected in the FY2009 number.

Table A-2. Foreign Aid Funding Trends

Fiscal Year	Billions of current US\$	Billions of constant 2012 \$	As % of GDP	As % of Discretionary Budget Authority	As % of Total Budget Authority
1946	3.08	33.97	1.4	-	-
1947	6.71	74.71	2.9	-	-
1948	3.18	31.42	1.2	-	-
1949	8.30	85.06	3.1	-	-
1950	5.97	57.59	2.2	-	-
1951	7.61	68.55	2.4	-	-
1952	6.81	56.72	2.0	-	-
1953	4.98	40.90	1.3	-	-
1954	4.77	35.76	1.3	-	-
1955	4.10	32.59	1.0	-	-
1956	4.85	38.73	1.1	-	-
1957	4.87	37.31	1.1	-	-
1958	4.10	28.80	0.9	-	-
1959	5.07	37.00	1.0	-	-
1960	5.22	36.34	1.0	-	-
1961	5.48	37.45	1.0	-	-

Fiscal Year	Billions of current US\$	Billions of constant 2012 \$	As % of GDP	As % of Discretionary Budget Authority	As % of Total Budget Authority
1962	6.53	45.17	1.2	-	-
1963	6.38	42.52	1.1	-	-
1964	5.27	34.63	0.8	-	-
1965	5.42	35.00	0.8	-	-
1966	6.90	44.03	0.9	-	-
1967	6.34	39.47	0.8	-	-
1968	6.76	40.84	0.8	-	-
1969	6.64	37.57	0.7	-	-
1970	6.51	35.06	0.6	-	-
1971	7.79	39.49	0.7	-	-
1972	8.99	43.88	0.8	-	-
1973	9.43	44.38	0.7	-	-
1974	8.48	36.70	0.6	-	-
1975	6.89	27.31	0.4	-	-
1976 ^a	9.61	34.89	0.4	-	-
1977	7.88	26.98	0.4	3.2	1.7
1978	9.10	29.39	0.4	3.5	1.8
1979	14.53	43.13	0.6	5.3	2.6
1980	9.78	26.30	0.4	3.1	1.5
1981	10.13	24.59	0.3	3.0	1.4
1982	12.11	27.46	0.4	3.4	1.5
1983	13.88	30.00	0.4	3.6	1.6
1984	15.48	32.07	0.4	3.7	1.7
1985	18.93	38.09	0.5	4.1	1.8
1986	14.81	28.94	0.3	3.4	1.5
1987	13.99	26.35	0.3	3.1	1.4
1988	13.60	24.70	0.3	3.0	1.2
1989	13.94	24.39	0.3	3.0	1.2
1990	15.03	25.56	0.3	3.0	1.2
1991	16.08	26.24	0.3	2.9	1.2
1992	14.93	23.31	0.2	2.8	1.0
1993	15.05	22.80	0.2	2.9	1.0
1994	14.04	20.89	0.2	2.7	0.9
1995	14.11	20.42	0.2	2.8	0.9
1996	12.58	17.84	0.2	2.5	0.8
1997	12.47	17.31	0.2	2.4	0.8
1998	14.22	19.60	0.2	2.7	0.8
1999	16.49	22.44	0.2	2.8	0.9
2000	17.35	23.06	0.2	3.0	1.0
2001	15.93	20.68	0.2	2.4	0.8
2002	17.54	22.46	0.2	2.4	0.8

Fiscal Year	Billions of current US\$	Billions of constant 2012 \$	As % of GDP	As % of Discretionary Budget Authority	As % of Total Budget Authority
2003	25.38	31.81	0.2	3.0	1.1
2004	40.42	49.39	0.3	4.4	1.7
2005	23.65	27.99	0.2	2.4	0.9
2006	24.83	28.45	0.2	2.5	0.9
2007	27.74	30.99	0.2	2.6	1.0
2008	29.75	32.08	0.2	2.5	0.9
2009	36.73	39.34	0.3	2.4	0.9
2010	39.39	41.63	0.3	3.1	1.1
2011	34.72	35.66	0.2	2.8	1.0
2012 Est.	37.68	37.68	0.2	3.2	1.0

Source: U.S. Overseas Loans and Grants (Greenbook); Office of Management and Budget Historic Budget Tables, FY2011; CRS appropriations reports and CRS calculations.

Notes: The data in this table for FY1946-FY1976 represent obligated funds (total economic and military assistance) reported in the USAID Greenbook (the most reliable source for pre-1970s data), while FY1977-FY2012 are from CRS appropriations records.

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

Appendix B. Common Foreign Assistance Acronyms and Abbreviations

AEECA	Assistance to Europe, Eurasia, and Central Asia
DA	Development Assistance
DOD	Department of Defense
ERMA	Emergency Refugee and Migration Assistance
ESF	Economic Support Fund
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
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
MCC	Millennium Challenge Corporation
MDBs	Multilateral Development Banks
MRA	Migration and Refugees Assistance
NADR	Non-Proliferation, Anti-Terrorism, Demining and Related Programs
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OFDA	Office of Foreign Disaster Assistance
OPIC	Overseas Private Investment Corporation
OTI	Office of Transition Initiatives
PEPFAR	President's Emergency Plan for AIDS Relief
P.L. 480	Food for Peace/Food Aid
PVO	Private Voluntary Organization
SEED	Support for East European Democracy Act of 1989
TDA	U.S. Trade and Development Agency
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
USAID	U.S. Agency for International Development

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