



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

Curt Tarnoff

Specialist in Foreign Affairs

Marian Leonardo Lawson

Analyst in Foreign Assistance

February 10, 2011

Congressional Research Service

7-5700

www.crs.gov

R40213

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. Since the terrorist attacks of September 11, 2001, foreign aid has increasingly been associated with national security policy. U.S. foreign aid policy has developed around three primary rationales: national security, commercial interests, and humanitarian concerns. These broad rationales are the basis for the myriad objectives of U.S. assistance, 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.

In FY2010, U.S. foreign assistance totaled \$39.4 billion, or 1.1% of total budget authority. In real terms, this was the highest level of U.S. foreign assistance since 1985. The U.S. Agency for International Development and the State Department, the primary administrators of U.S. foreign assistance, provided \$10.38 billion in security-related assistance; \$10.93 billion for health, education, and social welfare programs; \$3.64 billion for governance programs; \$5.21 for economic growth activities; and \$4.98 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, in the wake of the September 11, 2001, terrorist attacks, increased security assistance directed toward U.S. allies in the anti-terrorism effort. In FY2010, Afghanistan, Israel, Pakistan, Egypt, and Haiti were the top recipients of U.S. aid, reflecting long-standing aid commitments to Israel and Egypt, the strategic significance of Afghanistan and Pakistan, and emergency earthquake-related assistance to Haiti. Africa is the top recipient region of U.S. aid, at 29%, with the Near East and South and Central Asia each receiving 26%. This is a significant shift from FY2000, when the Near East received 60% of U.S. aid, and reflects significant increases in HIV/AIDS-related programs concentrated in Africa and the expansion of security assistance to Afghanistan and Pakistan. Other notable trends since FY2000 include the increasing role of the Department of Defense in foreign assistance and aid targeted at countries that have demonstrated a commitment to good governance, exemplified by the creation of the Millennium Challenge Corporation.

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.

Contents

Foreign Aid: An Introduction to U.S. Programs and Policy	1
Foreign Aid Purposes and Priorities.....	2
What Are the Rationales and Objectives of U.S. Foreign Assistance?	2
Rationales for Foreign Aid	2
Objectives of Foreign Aid	3
What Are the Major Foreign Aid Funding Accounts?.....	7
Assistance Serving Development and Humanitarian Purposes	7
Assistance Serving Both Development and Special Political/Strategic Purposes	8
Assistance Serving Security Purposes.....	9
What Are the Recent Priorities and Trends in U.S. Foreign Aid?.....	11
Trends in Types of U.S. Aid	11
Trends in Programs and Sectors of Special Interest.....	12
Which Countries Receive U.S. Foreign Aid?	13
Foreign Aid Spending	15
How Large Is the U.S. Foreign Assistance Budget and What Have Been the Historical Funding Trends?	15
How Much of Foreign Aid Dollars Are Spent on U.S. Goods?	18
How Does the United States Rank as a Donor of Foreign Aid?	19
Delivery of Foreign Assistance.....	20
What Executive Branch Agencies Administer Foreign Aid Programs?	21
U.S. Agency for International Development	21
U.S. Department of State.....	21
U.S. Department of Defense.....	22
U.S. Department of the Treasury	22
Millennium Challenge Corporation	22
Other Agencies	23
What Are the Different Forms in Which Assistance Is Provided?.....	23
Cash Transfers	23
Equipment and Commodities	23
Economic Infrastructure.....	24
Training	24
Expertise.....	24
Small Grants	24
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?.....	25
Loan/Grant Composition.....	25
Loan Guarantees	25
Loan Repayment	25
Debt Forgiveness	26
What Are the Roles of Government and Private Sector in Development and Humanitarian Aid Delivery?.....	26
Congress and Foreign Aid	27
What Congressional Committees Oversee Foreign Aid Programs?.....	27
What Are the Major Foreign Aid Legislative Vehicles?.....	27

Figures

Figure 1. Aid Program Composition, FY2010.....	11
Figure 2. Shifts in Program Emphasis (FY2000-2010).....	12
Figure 3. Regional Distribution, FY2000 and FY2010.....	15
Figure 4. U.S. Foreign Aid: FY1946-FY2010.....	16
Figure 5. U.S. Foreign Aid: FY1946-FY2010.....	17
Figure 6. U.S. Budget Outlays, FY2010 Est.....	17
Figure 7. Foreign Aid Funding Trends, FY1977-FY2010.....	18
Figure 8. Official Development Assistance From Major Donors, 2009.....	20

Tables

Table 1. State/USAID Assistance by Objective and Program Area: FY2006-FY2010.....	5
Table 2. Traditional Foreign Assistance, FY2001-FY2010.....	7
Table 3. Top Recipients of U.S. Foreign Assistance, FY2000 & FY2010.....	14
Table A-1. Program Composition, FY2001-FY2010.....	29
Table A-2. Foreign Aid Funding Trends.....	29

Appendixes

Appendix A. Data Tables.....	29
Appendix B. Common Foreign Assistance Acronyms and Abbreviations.....	32

Contacts

Author Contact Information.....	33
---------------------------------	----

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, 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 FY2010. 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 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, includes 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 and evolving 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 5** is based), which was necessary because no single source offers data from 1946 through to 2010. 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 65 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 the global war on terrorism, increasing aid to partner states in the terrorism war 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 least contested 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 the U.S. 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 while additionally meeting U.S. humanitarian objectives. Microcredit programs may help develop local economies while at the same time providing food and education to the children of entrepreneurs. 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 90% of the traditional foreign aid program budget in FY2010 (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 Bush and Obama Administrations as essential to the war on terrorism and building stability in failing states that may become permissive environments for terrorism. For FY2010, the Peace and Security objective was funded at \$10.4 billion, up 42% from \$7.3 billion in FY2006. Major portions of these funds were allocated to Israel, Egypt, Afghanistan, Iraq, Pakistan, and Jordan. Were the DFA framework to include all foreign aid, regardless of source, the DOD training and equipping of Iraqi and Afghan security forces would add \$10.2 billion in FY2010 under this objective.

Investing in People

The Investing in People objective is composed of three program areas: health, education, and social services and protection for vulnerable people. For FY2010, the objective was funded at \$10.9 billion, double the amount provided in FY2006.

Most of the funding, 83%, falls in the health program area, particularly those programs addressing HIV/AIDS, which, at \$5.7 billion, itself accounts for more than half of the Investing in People objective in FY2010. 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 FY2010 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 have grown significantly in recent years; the objective totaled \$3.6 billion in FY2010, more than double the amount provided in FY2006. Two-thirds of this aid in FY2010 went to five countries of special political or strategic interest—Afghanistan (40% alone), Iraq, Mexico, Pakistan, and Haiti.

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-FY2010
(in millions of current dollars)

Aid Objectives and Program Areas	FY2006	FY2007	FY2008	FY2009	FY2010
Peace and Security	7,318.9	8,684.6	7,522.6	9,599.6	10,380.0
Counter-Terrorism	157.0	242.1	188.2	225.0	462.4
Combating WMD	229.9	228.0	253.7	410.9	320.6
Stabilization/Security Sector Reform	5,652.3	6,668.6	5,574.3	6,964.5	7,276.9
Counter-narcotics	1,020.1	1,148.1	1,133.7	1,295.3	1,470.4
Transnational Crime	60.2	51.2	75.6	93.0	100.9
Conflict Mitigation	199.3	346.6	297.1	611.1	748.8
Investing in People	5,421.4	6,659.4	8,573.3	10,286.1	10,929.6
Health	4,594.7	5,705.1	7,243.0	8,224.3	9,014.8
Education	689.8	754.5	928.8	1,057.5	1,254.3
Social Services/Protection of Vulnerable	136.9	199.8	401.4	1,004.3	660.5
Governing Justly & Democratically	1,758.1	2,141.3	2,258.5	2,702.0	3,644.2
Rule of Law & Human Rights	437.5	532.0	612.4	699.3	1,088.5
Good Governance	637.6	763.2	761.9	1,088.4	1,596.8
Political Competition	203.3	305.4	295.2	432.7	312.1
Civil Society	479.8	540.8	593.3	481.7	646.8
Promoting Economic Growth & Prosperity	3,449.2	3,212.2	3,279.0	3,973.8	5,212.8
Macroeconomic Growth	474.1	591.5	590.1	335.9	287.3
Trade & Investment	416.7	331.6	204.1	216.7	264.6
Financial Sector	280.2	176.8	198.2	142.4	125.4
Infrastructure	755.9	723.9	945.8	1,017.3	1,101.0
Agriculture	567.0	538.1	474.3	1,083.1	1,685.8
Private Sector Competitiveness	530.5	385.4	388.1	563.9	670.1
Economic Opportunity	132.7	127.0	155.1	237.3	241.4
Environment	292.1	337.8	324.2	377.1	837.3
Humanitarian Assistance	2,451.7	3,097.4	4,071.8	4,883.9	4,975.8
Protection, Assistance & Solutions	2,294.9	2,963.7	3,888.9	4,658.9	4,483.0
Disaster Readiness	87.3	78.2	125.6	151.1	99.8
Migration Management	69.6	55.5	57.2	74.0	42.0

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 \$5.2 billion in FY2010, a 51% increase since FY2006, includes a wide range of program areas that are believed to contribute to economic 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 DFA framework to encompass all foreign aid, regardless of funding source, the economic growth objective would likely include most of the Millennium Challenge Corporation, adding perhaps another \$1.0 billion in FY2010, and much of the Commander's Emergency Response Program (CERP), the latter funded by DOD at roughly \$1.2 billion in FY2010.

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 FY2010, humanitarian programs were funded at roughly \$5.0 billion, double the FY2006 level.

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 FY2009, roughly \$35 billion was obligated from traditional aid accounts.

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, EPA, 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 and providing shared benefits to both parties. It is estimated that these non-traditional sources of assistance equaled about \$12.6 billion in obligated funds in FY2009, raising total aid from all sources to \$47.5 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 (CDC) in the global HIV/AIDS program. These three distinct efforts make up the bulk (89%) of FY2009 non-traditional aid obligations. Iraq and Afghanistan alone represented nearly three quarters of all non-traditional aid in that year.

The anomalous nature of non-traditional aid activities in Iraq and Afghanistan (see text box below), together with inconsistent historic reporting of non-traditional aid, may distort aid trends. Therefore, this report focuses on traditional foreign assistance, which remains the vast majority of total assistance, in its discussion and charts and graphs. Such assistance corresponds closely to the foreign operations and food aid appropriations in **Table 2**. Nonetheless, the role of non-traditional aid is raised where appropriate throughout this report, as policymakers in the State Department and Congress contend with how to most efficiently leverage these funds to meet U.S. foreign policy purposes.

Table 2. Traditional Foreign Assistance, FY2001-FY2010
(appropriations, in billions of current U.S. \$)

	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Foreign Operations	16.31	16.54	23.67	39.05	23.45	23.13	26.38	26.89	34.32	37.49
P.L. 480 Food Aid	0.93	0.85	1.81	1.24	1.50	1.59	1.66	2.06	2.42	1.90
Traditional Aid, Total	17.24	17.39	25.48	40.29	24.95	24.72	28.04	28.95	36.74	39.39

Source: Appropriations legislation; Congressional Budget Justifications.

What Are the Major Foreign Aid Funding Accounts?

The framework introduced by the Director of Foreign Assistance organizes assistance by foreign policy 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 in what form 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 DFA 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 FY2010, \$20 billion—53% 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 FY2010, Congress appropriated \$12.3 billion in such assistance, an amount accounting for 32% of total foreign aid appropriations. A significant proportion of these funds—largely encompassed by the Development Assistance and the Child Survival & Health accounts—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. Other bilateral development assistance goes to 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 relatively small share of U.S. foreign assistance—7% in FY2010—is combined with contributions from other donor nations to finance multilateral development projects. For FY2010, Congress appropriated \$2.6 billion for such activities implemented by international organizations, such as the United Nations Children’s Fund (UNICEF) and the United Nations Development Program (UNDP), and by multilateral development banks (MDBs), such as the World Bank. On average, U.S. contributions represent about 23% of total donor transfers to the MDBs.

Humanitarian Assistance

For FY2010, Congress appropriated \$5.1 billion, 13.5% 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, with about \$1.9 billion in FY2010, 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)⁶ account managed by USAID totaled \$1.3 billion in FY2010. It provides relief and rehabilitation assistance to victims of man-made and natural disasters, such as the 2010 Haiti earthquake.

Food assistance supplements both programs (about \$1.9 billion in FY2010). 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. USAID-administered Title II (of the public law) grant food aid is mostly provided for humanitarian relief, but may also be used for development-oriented purposes by private voluntary organizations (PVOs) or multilateral organizations, such as the World Food Program. Title II funds are also used to support the “farmer-to-farmer” program, which sends hundreds of U.S. volunteers as technical advisors to train farm and food-related groups throughout the world. 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 (\$210 million in FY2010).⁷

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 these accounts generally aim to promote political and economic stability, often through activities indistinguishable from those

⁵ Because of the unanticipated nature of many disasters, humanitarian aid budget allocations often increase throughout the year as demands arise. Figures listed here include supplemental funds provided at various stages throughout the year as of the end of FY2010.

⁶ The IDA account was previously known as the International Disaster and Famine Assistance account (IDFA).

⁷ 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.

provided under regular development and humanitarian programs.⁸ For FY2010, Congress appropriated \$9.6 billion, 25% of total assistance, through these accounts.

The bulk of these funds—\$8.8 billion in FY2010—was provided through the Economic Support Fund (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, Lebanon, and Jordan—\$1.2 billion in FY2010. Since 9/11, however, ESF has largely supported countries of importance in the war on terrorism. In FY2010, for example, about \$5.0 billion in ESF was directed at Iraq, Afghanistan, and Pakistan.

The Assistance to Europe, Eurasia and Central Asia account (AEECA) 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. In FY2010, roughly \$742 million was appropriated. 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.

Civilian Security Assistance

Two State Department-managed accounts are aimed at global concerns that are considered threats to U.S. security and well-being—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.

In FY2010, the International Narcotics and Law Enforcement (INCLE) account represented about \$2.8 billion in foreign aid appropriations. This account has grown substantially in FY2010 as the State Department takes on the burden of training police forces in Iraq. The Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) account received \$754 million in appropriations in FY2010. Anti-terrorism programs include detecting and dismantling terrorist financial networks, establishing watch-list systems at border controls, and building developing country anti-terrorism capacities. Nonproliferation efforts include support to the International Atomic Energy Agency and building capacity to detect and interdict transfer of weapons and delivery systems over borders.

⁸ The DFA estimates that about 93% of ESF is implemented by USAID. CRS estimates that in FY2007, more than 59% of AEECA funds went to development purposes.

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 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. Congress appropriated \$4.7 billion for military assistance in FY2010, 12.5% of total U.S. foreign aid. There are three main programs, administered by the Department of State, but implemented by DOD. Foreign Military Financing (FMF), \$4.3 billion in FY2010, is a grant program that enables governments to receive equipment from the U.S. government or to access equipment directly through U.S. commercial channels. Most FMF grants support the security needs of Israel and Egypt. The International Military Education and Training program (IMET), \$108 million, offers military training on a grant basis to foreign military officers and personnel. Peacekeeping funds, \$332 million in FY2010, 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 and IMET-like programs in Afghanistan and Iraq at a level of more than \$10 billion in FY2010.

Iraq and Afghanistan Reconstruction Funding

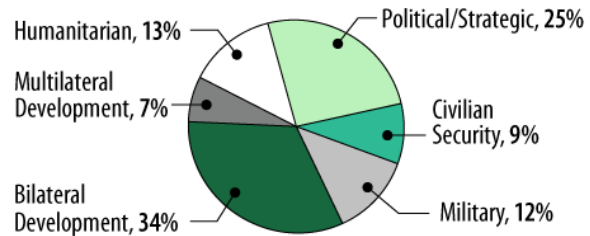
Between 2002 and 2010, reconstruction assistance to Iraq and Afghanistan from all U.S. sources accounted for \$104 billion and has, perhaps, disproportionately shaped the portrait of the U.S. foreign aid program. Nearly \$21 billion of the total was funneled through an Iraq Relief and Reconstruction Fund in just two fiscal years, FY2003 and FY2004. Another \$57 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—\$5 billion in FY2010—might overshadow and obscure key trends in changing aid budget and policy priorities for the period FY2002-2010. 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.⁹

Figure 1. Aid Program Composition, FY2010



Source: U.S. Department of State, Summary and Highlights, International Affairs, Function 150, FY2011; 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. Between FY1990 and FY1995, development/humanitarian-related aid rose steadily from a 38% share to nearly 48%. The growth of more politically driven economic programs in central Europe and the former Soviet Union, plus sizeable cuts to development aid in FY1996/FY1997 and increased emphasis on civilian security concerns drove the share down to an average of 41% during the late 1990s through FY2002. The approval of significant amounts of funding for two new presidential aid priorities, the Millennium Challenge Corporation and the President's Emergency Plan for AIDS Relief (PEPFAR), boosted development/humanitarian assistance to over half of total U.S. foreign aid by FY2006, its highest proportion since 1980. In FY2010, its share was at 53%.

Increase in health aid. Most of the increase in development/humanitarian aid can be attributed to the rise in health assistance. The proportion of total foreign aid represented by health programs has gone from about 5% of aid in the late 1990s to 21% of all aid in FY2010.

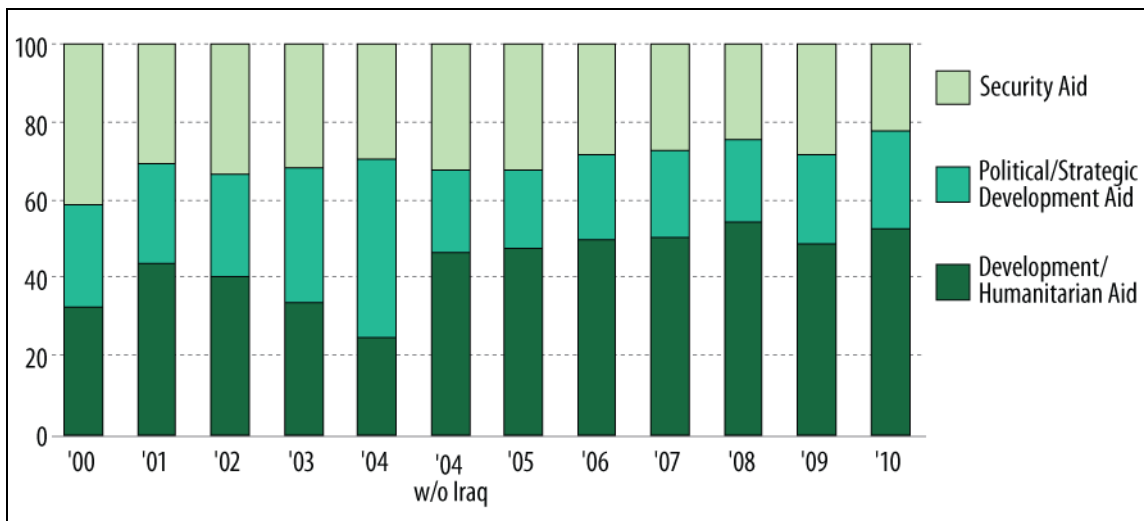
Increase in civilian security aid. A modest decline in the portion of aid allocated to security-related assistance over the past decade, from about 28% to 30% of total aid at the end of the 1990s to 22% in FY2010 tells two countervailing stories. One is the decline in military aid discussed below. The other is the significant increase in civilian security programs during this period. In the late 1990s, anti-terror and counter-narcotics programs represented around 3% of

⁹ 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.

total U.S. assistance. 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 attacks, civilian security programs rose to 9% of total aid by FY2010.

Decline in military aid. For more than two decades, military assistance as a share of total aid has declined, a trend that began after military aid peaked at 42% in FY1984. Despite increases in other forms of assistance in the period from FY1999 through FY2004, because the United States provided additional support to many of the partner states in the war on terrorism and other countries that might face new external threats due to the pending conflict in Iraq, military aid averaged 26% of total aid. From FY2005, however, its share continued to fall, largely due to the rise in relative prominence of development/humanitarian aid. In FY2010, military assistance represented 13% of total aid. However, with new Department of Defense authority to train and equip foreign militaries, especially in Iraq and Afghanistan, and with increased anti-narcotics activities in Latin America and Afghanistan, funding for security aid programs has to a large extent shifted from the traditional foreign aid budget to the defense budget.

Figure 2. Shifts in Program Emphasis (FY2000-2010)
(as % of total U.S. foreign assistance appropriations)



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

Notes: To illustrate the impact of Iraq funding on the aid program, the column “FY04 without Iraq” excludes the anomalous \$18.4 billion in Iraq Relief and Reconstruction Fund (IRRF) aid provided in that one year.

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.¹⁰ Collectively, these accounts

¹⁰ 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.

have grown exponentially over the 10-year period from 2000 to 2010, from \$3.8 billion to \$17.0 billion (a 348% increase), largely due to the launching of the HIV/AIDS and MCA 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, traditional health funding has gone up more than 550% since FY2001. Spending on TB and malaria has increased by 400% since 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 160% 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 \$267 million in FY2009. Basic education programs were funded at about \$95 million in FY1997; the level rose to \$981 million in FY2010. Funding for drinking water supply and sanitation projects was an estimated \$215 million in FY2002; in FY2009, it reached \$514 million.

Some sectors once strongly favored by Congress and the executive branch lost out in the funding competition in recent decades. Yet, with support from the Obama Administration, they are making a notable rebound. 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 \$473 million in FY2008 from all USAID/State accounts. The FY2010 level is \$1.7 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 \$837 million in FY2010, more than doubling in just two years.

Which Countries Receive U.S. Foreign Aid?

In FY2010, the United States is providing some form of foreign assistance to about 149 countries.¹¹ **Table 3** identifies the top 15 recipients of U.S. foreign assistance for FY2000 and

¹¹ 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 (continued...)

FY2010, respectively. 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 figures 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.

Table 3. Top Recipients of U.S. Foreign Assistance, FY2000 & FY2010
(in millions of current US\$)

FY2000		FY2010	
Israel	4,069	Afghanistan	4,102
Egypt	2,053	Israel	2,220
Colombia	899	Pakistan	1,807
West Bank/Gaza	485	Egypt	1,296
Jordan	429	Haiti	1,271
Russia	195	Iraq	1,117
Bolivia	194	Jordan	693
Ukraine	183	Kenya	688
Kosovo	165	Nigeria	614
Peru	120	South Africa	578
Georgia	112	Ethiopia	533
Armenia	104	Colombia	507
Bosnia	101	West Bank/Gaza	496
Indonesia	94	Tanzania	464
Nigeria	68	Uganda	457

Source: Department of State, Foreign Operations CBJ FY2002, FY2011.

Note: Includes supplementals and Millennium Challenge Corporation Compact disbursements in FY2010.

The biggest difference in the leading aid recipients since FY2000 is the emergence of three countries connected to the impact of the terrorist attacks on September 11, 2001. Afghanistan, Pakistan, and Iraq do not appear on the FY2000 list; they are among the top six recipients of U.S. assistance in FY2010. Another striking difference is the disappearance in FY2010 of any Europe and Eurasia recipients. In FY2000, six of the top 15 recipients were from this region, representing the effort to transform the former communist countries to democratic societies and market-oriented economies. Taking their place in FY2010, are six African countries, all focus countries

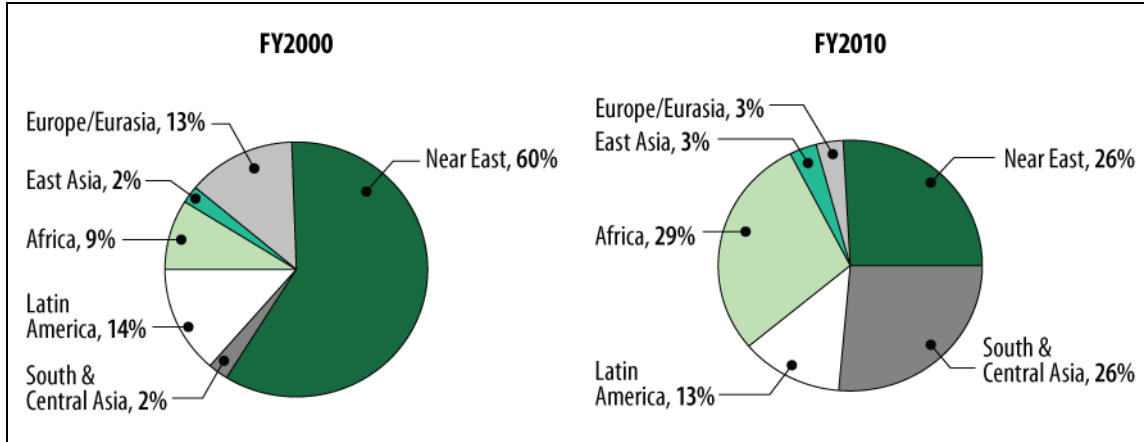
(...continued)

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.

under the initiative to address the HIV/AIDS epidemic. Haiti's presence in the FY2010 list is due to the humanitarian response to the January 2010 earthquake.

On a regional basis, the Middle East has for many years received the bulk of U.S. foreign assistance. With economic aid to the region's top two recipients, Israel and Egypt, declining since the late 1990s and overall increases in other areas, however, the share of bilateral U.S. assistance consumed by the Middle East fell from nearly 60% in FY2000 to nearly 26% by FY2010.

Figure 3. Regional Distribution, FY2000 and FY2010



Source: USAID and Department of State.

Notes: 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 2% share 10 years ago to about 26% in FY2010, largely because of aid to Afghanistan and Pakistan. Similarly, the share represented by African nations has increased from a little less than 9% to nearly 29% in 2010, largely due to the HIV/AIDS Initiative, that funnels resources mostly to African countries. With the graduation of many East European aid recipients in recent years and the phasing down of programs in Russia, Ukraine, and other former Soviet states, the Europe/Eurasia regional share has fallen significantly, from a little more than 13% in FY2000 to under 4% in FY2010. Latin America, despite a renewed effort to deter illicit narcotics production and trafficking with large aid programs, is a region where the proportion of total U.S. assistance has remained about level at around 13%, as has the proportion of assistance provided to East Asia, accounting for 3% in FY2010.

Foreign Aid Spending

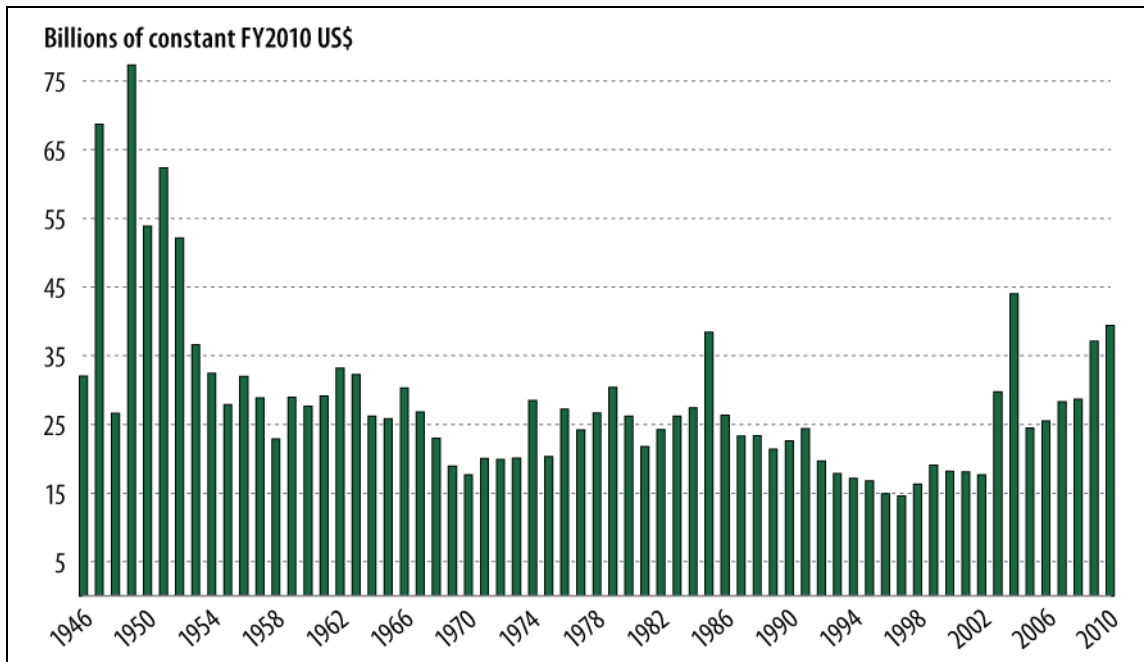
How Large Is the U.S. Foreign Assistance Budget and What Have Been the Historical Funding Trends?

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 over several decades since the historical high levels of the late 1940s and early 1950s. This downward trend was sporadically interrupted, largely due to major foreign policy initiatives such as the Alliance for Progress for Latin America 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 \$15 billion (in 2010 dollar terms).

Figure 4. U.S. Foreign Aid: FY1946-FY2010

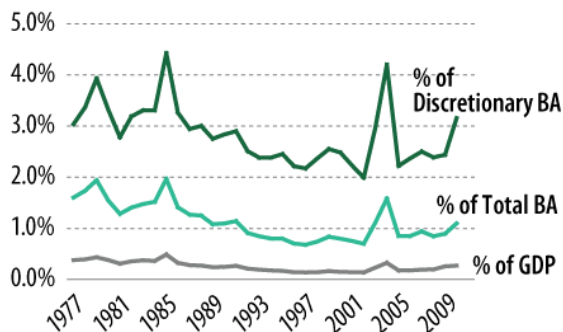


Sources: U.S. Overseas Loans and Grants (Greenbook), Office of Management and Budget Historic Budget Tables, FY2011; annual appropriations legislation and CRS calculations.

Notes: The data in this table for FY1946-FY1976 represent obligated funds reported in the USAID Greenbook (the most reliable source available for pre-1970s data), while FY1977-FY2010 are budget authority figures from the OMB Historic Budget Tables, reflecting the 151 and 152 budget subfunctions. The Greenbook accounts included in the total have been selected by CRS to correlate with the function 151 and 152 budget accounts, allowing for fairly accurate comparison over time. FY1976 includes both regular FY1976 and transition quarter (TQ) funding.

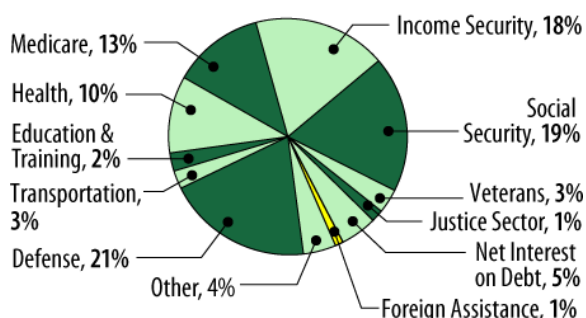
While foreign aid represented over 1% of U.S. annual gross domestic product from 1946 through the mid-1950s, it has ranged between 0.5% and 0.25% for the past three decades. Foreign assistance spending represents, on average, around 3% of discretionary budget authority and just over 1% of total budget authority each year since 1977, though the percentages have varied considerably from year to year and have generally declined. Foreign aid dropped from nearly 4.5% of discretionary budget authority in 1984 to 2% in 2002, before rising rapidly in conjunction with U.S. activities in Afghanistan and Iraq starting in 2003. As a portion of total budget authority, foreign assistance reached 2% in 1979 and 1985, but hovered under 1% throughout the 1990s. (Figure 5). In 2010, foreign assistance accounted for 3.2% of discretionary budget authority and 1.1% of total budget authority (Figure 6).

Figure 5. U.S. Foreign Aid: FY1946-FY2010



Source: Historic Budget Tables, FY2011; CRS calculations.

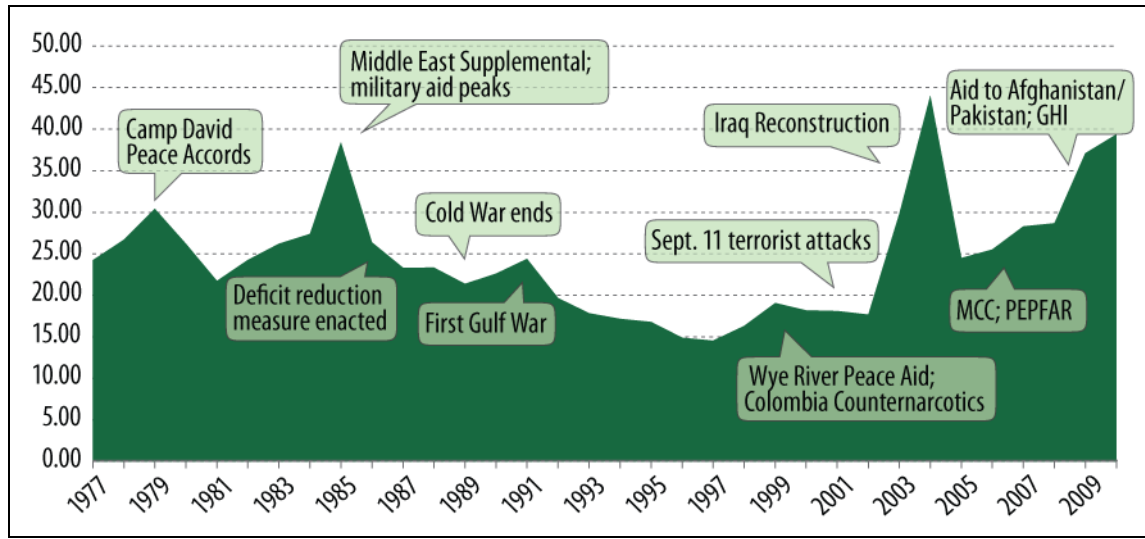
Figure 6. U.S. Budget Outlays, FY2010 Est.



Source: U.S. Historic Budget Tables, FY2011.

Since the September 11, 2001, terrorist attacks, foreign aid funding has been closely tied to U.S. strategy in Iraq and Afghanistan. Bush and Obama Administration global health initiatives 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-FY2010



Source: Budget of the United States Government: Historic Tables Fiscal Year 2011, Table 5.1: Budget Authority by Function and Subfunction, 1976-2013; appropriations acts for FY2010.

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 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 are purchased wholly in the United States, and generally required by law to be shipped by U.S. carriers,¹² suggesting that the vast majority of food aid expenditures are made in the United States.
- **Foreign Military Financing**, with the exception of certain assistance allocated to Israel, is used to procure U.S. military equipment and training.¹³
- **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

¹² The Cargo Preference Act, P.L. 83-644, August 26, 1954.

¹³ For the research, development and procurement of advanced weapons systems, not less than \$583.86 million of aid to Israel in FY2010 could be used for offshore procurement (about 11% of total Foreign Military Finance for that year).

are sometimes awarded to firms from developed countries other than the United States, which has been a source of some controversy.

- **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. As a result, the U.S. share of procurement financed by MDBs may even exceed the amount of the U.S. contribution.

The Foreign Assistance Act of 1961 limits the expenditure of foreign assistance funds outside the United States.¹⁴ 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.¹⁵ 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.¹⁶ 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 12.5% in 2008. However, 25% of U.S. bilateral development assistance in 2008 was tied, 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.¹⁷

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.

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

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 international donor community.¹⁸ In 2009, the most recent year for which data are available, the United States disbursed \$28.83 billion in ODA, or 24% of the \$120 billion in net ODA disbursements that year from the 29 members of the Organization for Economic Cooperation and

¹⁴ 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.

¹⁵ OECD Report on The Developmental Effectiveness of Untied Aid, p.1, available at <http://www.oecd.org/dataoecd/5/22/41537529.pdf>.

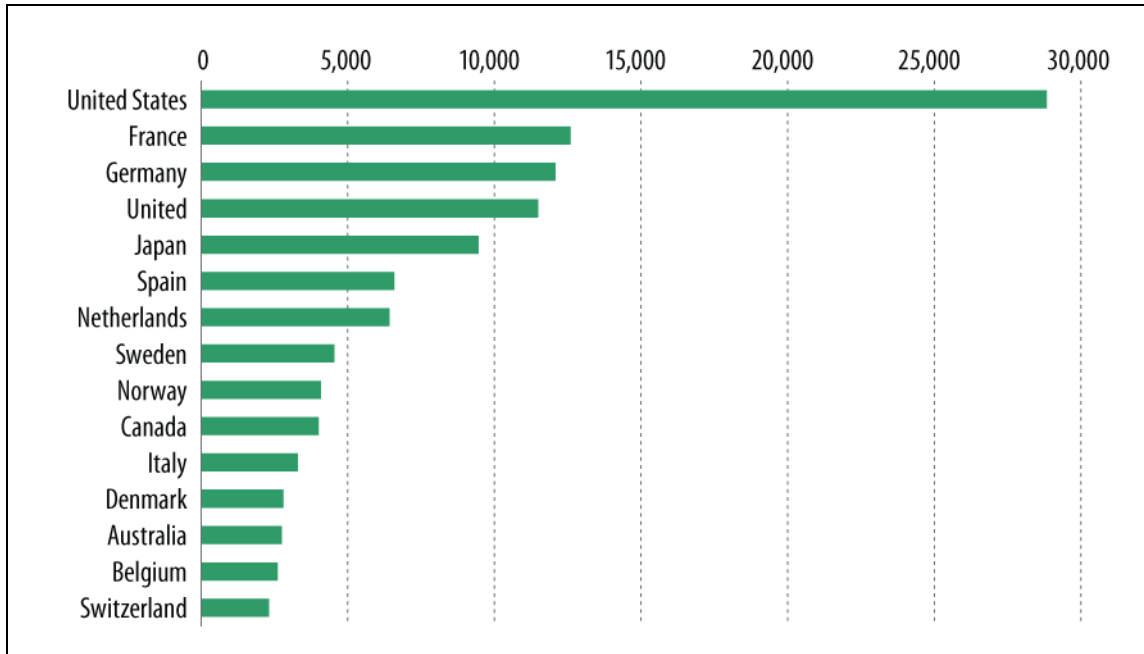
¹⁶ *Id.*, p. 1.

¹⁷ 2010 OECD Development Cooperation Report, p. 225.

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.

Development’s (OECD’s) Development Assistance Committee (DAC), representing the world’s leading providers of economic aid. France ranked second at \$12.60 billion, Germany at \$12.08 billion, and the United Kingdom at \$11.49 billion. Japan, which has significantly scaled back its foreign aid program in recent years, gave \$9.47 billion in 2009.

Figure 8. Official Development Assistance From Major Donors, 2009
(in millions, US\$)



Source: OECD/DAC. Includes all countries providing at least \$2 billion in ODA in 2009.

Even as it leads in dollar amounts of aid flows to developing countries, the United States often ranks low when aid transfers by developed country donors are calculated as a percentage of gross national income (GNI).¹⁹ In 2009, the United States ranked third from last among major donors at 0.20% of GNI, slightly higher than Japan (0.18%) and Italy (0.16%). Sweden ranked first at 1.12% of GNI, while the United Kingdom dispensed 0.52%, France 0.46%, and Germany 0.35%. The average for all DAC members in 2009 was 0.31%, up from .22% in 1999.

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.

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.

What Executive Branch Agencies Administer Foreign Aid Programs?

U.S. Agency for International Development

For 50 years, the bulk of the U.S. bilateral economic aid program has been administered by the U.S. Agency for International Development (USAID). USAID is directly responsible for most bilateral development assistance and disaster relief programs, including economic growth, global health, many democracy programs, and Title II of P.L. 480 (Food for Peace program) food assistance. In conjunction with the State Department, USAID also manages most of the ESF and AEECA programs, which frequently support development activities as a means of promoting U.S. political and strategic goals.²⁰ USAID also administers more than half of the Global HIV/AIDS funding appropriated to the State Department. USAID's staff in late 2010 totaled 8,844, of which more than 70% (6,368) were working overseas, managing the implementation of hundreds of projects undertaken by thousands of private sector contractors, consultants, and non-governmental organizations.²¹ Funding for programs administered by USAID totaled about \$22.0 billion in FY2010.²²

U.S. Department of State

In addition to those programs jointly managed with USAID, the Department of State directly administers activities dealing with international narcotics control and law enforcement, terrorism, weapons proliferation, democracy promotion, non-U.N. peacekeeping operations, refugee relief, and voluntary support for a range of international organizations such as UNICEF. In FY2010, total funding for these programs was about \$12.03 billion. State is also home to the Office of the Global AIDS Coordinator (OGAC), created to manage President Bush's Global AIDS Initiative, which administered \$5.4 billion in FY2010 for international HIV/AIDS, tuberculosis, and malaria programs. Most of these programs, however, are implemented by USAID, the National Institutes of Health, and the Centers for Disease Control.

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 \$4.7 billion. These programs are administered by the Department of Defense. Police training programs, traditionally the responsibility of the International Narcotics and Law Enforcement (INL) Office in the State Department, have, in the case of Iraq and Afghanistan, been undertaken by DOD, mostly with DOD's own appropriations. In FY2010, the State Department began a process to assume responsibility for police training in Iraq.

State is also the organizational home to the Director of Foreign Assistance (DFA), a position created in 2006 to coordinate U.S. foreign assistance programs. The DFA has authority over most

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

²¹ Semi-Annual USAID Worldwide Staffing Pattern Report, September 30, 2010. Of total staff, 3,377 were U.S. direct hires, 4,508 were nationals of the foreign countries in which they work, and 703 were U.S. personal service contractors.

²² This includes 93% of ESF, 70% of AEECA, and 60% of State Global HIV/AIDS accounts.

State Department and USAID programs, and is also tasked with providing “guidance” to other agencies that manage foreign assistance activities. However, major foreign aid programs, such as the Millennium Challenge Corporation and the Office of the Global AIDS Coordinator, remain outside of the DFA’s authority.

U.S. Department of Defense

As noted above, DOD administers all traditional aid-funded military assistance programs—FMF, IMET, PKO, and PCCF—following the policy guidance of the Department of State. The Defense Security Cooperation Agency is the primary DOD body responsible for these programs. In FY2010, funding for these assistance programs totaled \$4.7 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) and the Iraq Relief and Reconstruction 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 also mostly been funded through DOD appropriations.

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 FY2010, funding for activities falling under the Treasury Department’s jurisdiction totaled about \$2.7 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 22 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 managed a budget of just over \$1.1 billion in FY2010.

Other Agencies

A number of other government agencies play a role in implementing foreign aid programs. The Peace Corps, an autonomous agency with an FY2010 budget of \$400 million, supports about 8,655 volunteers in 77 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 FY2010 was \$55.2 million. The Overseas Private Investment Corporation (OPIC) provides political risk insurance to U.S. companies investing in developing countries and the new democracies 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 FY2010, Congress appropriated \$29 million to OPIC. The Inter-American Foundation and the African Development Foundation, appropriated \$23 million and \$30 million, respectively, in FY2010, finance small-scale enterprise and grassroots self-help activities aimed at assisting poor people.

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, but 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 in its war on terrorism (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 Philippines, Pakistan, Jordan, Egypt, and Uganda received aid in the form of cash transfers in FY2010.²³

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

²³ Information provided by USAID LPA, February 2, 2011.

microcredit institutions. In recent years, antiretroviral drugs (ARVs) provided to individuals living with HIV/AIDS have been a significant component of commodity-based assistance.

Economic Infrastructure

Although once a significant portion of U.S. assistance programs, construction of economic infrastructure—roads, irrigation systems, electric power facilities, etc.—was rarely provided after the 1970s. Because of the substantial expense of these projects, they were to be found only in large assistance programs, such as that for Egypt in the 1980s and 1990s, where the United States constructed major urban water and sanitation systems. 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 has gone 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 2009, the most recent years 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 program 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.²⁴

Loan Repayment

Between 1946 and 2009, the United States loaned nearly \$109 billion in foreign aid, and while most foreign aid is now provided through grants, \$15.0 billion in loans to foreign governments remained outstanding at the end of 2009.²⁵ 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. Currently, countries in violation of Brooke are Argentina, Democratic Republic of Congo (DRC),

²⁴ Israel has not drawn on any loan guarantees since FY2004.

²⁵ U.S. Overseas Loans and Grants: Obligations and Loan Authorizations, July 1, 1945-September 30, 2008 (Greenbook).

Somalia, Sudan, Syria, and Zimbabwe. However, for FY2010, restrictions were waived in whole or in part for the DRC, Somalia, and Zimbabwe.²⁶

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 \$24.9 billion owed by foreign governments between 1990 and 2008 through legislative and bilateral negotiation.²⁷

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 2010, 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 Paris Club members 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 capacity²⁸ 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 are not paid implementers, but rather contributing partners with interests that coincide with development priorities. For example, USAID has partnered with

²⁶ Information provided to CRS by the State Department, February 1, 2011.

²⁷ U.S. Department of the Treasury and the Office of Management and Budget. *U.S. Government Foreign Credit Exposure as of December 31, 2008*, p. 22.

²⁸ The Development Leadership Initiative, begun in 2008, is intended to realize this transition.

the Heinz corporation in Egypt to train farmers in a particular method of producing processing tomatoes that are suitable for use in Heinz products. The farmers learned to grow a higher-value crop, raising their income potential in furtherance of USAID objectives. Heinz, which provided technical assistance as well as funding for a local processing plant at a later stage of the process, strengthened its supply chain.

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, ESF 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, a growing segment of military activities that could be categorized as foreign aid have been appropriated through the Defense Subcommittees in recent years.

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).²⁹ 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.³⁰

²⁹ 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.

³⁰ A few foreign aid programs that are authorized in other legislation have received more regular legislative review. Authorizing legislation for voluntary contributions to international organizations and refugee programs, for example, are usually contained in omnibus Foreign Relations Authorization measures that also address State Department and public diplomacy issues. Food aid and amendments to P.L.480 are usually considered in the omnibus “farm bill” that (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)

Congress re-authorizes every five years.

Appendix A. Data Tables

Table A-1. Program Composition, FY2001-FY2010
(as % of total aid)

	2001	2002	2003	2004	2004 w/out Iraq	2005	2006	2007	2008	2009	2010
Development/Humanitarian	43.8	41.3	34.1	24.6	47.0	47.9	50.6	50.9	55.4	49.4	52.9
Bilateral Development	21.9	20.3	14.8	13.6	25.9	26.7	31.7	34.1	35.7	30.5	32.4
Multilateral Development	9.1	8.6	6.6	4.3	8.3	6.4	6.7	4.7	5.5	5.2	7.0
Humanitarian	12.7	12.5	12.8	6.7	12.8	14.8	12.2	12.0	14.2	13.8	12.5
Political/Strategic Development	26.1	26.1	34.5	45.8	21.2	20.5	21.7	22.3	20.9	22.5	25.3
Security	30.2	32.5	31.4	29.6	31.8	31.6	27.7	26.8	23.6	28.1	21.8
Civilian Security Assistance	4.4	8.4	5.2	4.1	7.8	8.7	7.2	7.1	6.1	7.0	9.3
Military Assistance	25.8	24.1	26.1	25.5	24.0	22.9	20.5	19.8	17.5	21.1	12.5 ^a

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

Notes: Table omits operational expense accounts.

- a. Does not include funding from FY2009 supplemental appropriations that were considered “forward funding” of the FY2010 request. Those numbers are reflected in the FY2009 number.

Table A-2. Foreign Aid Funding Trends

Fiscal Year	Billions of current US\$	Billions of constant 2010 \$	As % of GDP	As % of Discretionary Budget Authority	As % of Total Budget Authority
1946	3.08	32.04	1.4%	-	-
1947	6.54	68.67	2.8%	-	-
1948	2.87	26.65	1.1%	-	-
1949	8.00	77.32	2.9%	-	-
1950	5.92	53.86	2.2%	-	-
1951	7.34	62.36	2.3%	-	-
1952	6.64	52.16	1.9%	-	-
1953	4.72	36.59	1.3%	-	-
1954	4.59	32.45	1.2%	-	-
1955	3.72	27.89	0.9%	-	-
1956	4.25	32.00	1.0%	-	-
1957	3.99	28.83	0.9%	-	-
1958	3.38	22.89	0.7%	-	-
1959	4.23	28.97	0.9%	-	-
1960	4.21	27.66	0.8%	-	-

Fiscal Year	Billions of current US\$	Billions of constant 2010 \$	As % of GDP	As % of Discretionary Budget Authority	As % of Total Budget Authority
1961	4.52	29.13	0.9%	-	-
1962	5.09	33.21	0.9%	-	-
1963	5.13	32.24	0.9%	-	-
1964	4.22	26.16	0.7%	-	-
1965	4.24	25.82	0.6%	-	-
1966	5.03	30.29	0.7%	-	-
1967	4.56	26.79	0.6%	-	-
1968	4.03	22.98	0.5%	-	-
1969	3.54	18.90	0.4%	-	-
1970	3.47	17.93	0.3%	-	-
1971	4.19	20.04	0.4%	-	-
1972	4.32	19.89	0.4%	-	-
1973	4.53	20.11	0.3%	-	-
1974	6.97	28.46	0.5%	-	-
1975	5.43	20.31	0.3%	-	-
1976 ^a	7.94	27.20	0.4%	3.3%	1.5%
1977	7.50	24.23	0.4%	3.0%	1.6%
1978	8.76	26.69	0.4%	3.4%	1.7%
1979	10.86	30.42	0.4%	3.9%	1.9%
1980	10.33	26.21	0.4%	3.3%	1.5%
1981	9.49	21.73	0.3%	2.8%	1.3%
1982	11.34	24.26	0.4%	3.2%	1.4%
1983	12.85	26.20	0.4%	3.3%	1.5%
1984	14.01	27.39	0.4%	3.3%	1.5%
1985	20.23	38.41	0.5%	4.4%	2.0%
1986	14.30	26.36	0.3%	3.3%	1.4%
1987	13.12	23.32	0.3%	2.9%	1.3%
1988	13.62	23.34	0.3%	3.0%	1.2%
1989	12.96	21.39	0.2%	2.8%	1.1%
1990	14.09	22.61	0.2%	2.8%	1.1%
1991	15.84	24.39	0.3%	2.9%	1.1%
1992	13.34	19.65	0.2%	2.5%	0.9%
1993	12.48	17.84	0.2%	2.4%	0.8%
1994	12.23	17.17	0.2%	2.4%	0.8%
1995	12.29	16.78	0.2%	2.5%	0.8%
1996	11.12	14.88	0.1%	2.2%	0.7%
1997	11.11	14.55	0.1%	2.2%	0.7%
1998	12.55	16.32	0.1%	2.4%	0.7%
1999	14.84	19.06	0.2%	2.6%	0.8%
2000	14.50	18.19	0.1%	2.5%	0.8%
2001	14.78	18.10	0.1%	2.2%	0.8%
2002	14.64	17.69	0.1%	2.0%	0.7%
2003	25.17	29.76	0.2%	3.0%	1.1%

Fiscal Year	Billions of current US\$	Billions of constant 2010 \$	As % of GDP	As % of Discretionary Budget Authority	As % of Total Budget Authority
2004	38.18	44.02	0.3%	4.2%	1.6%
2005	21.95	24.50	0.2%	2.2%	0.8%
2006	23.60	25.50	0.2%	2.4%	0.8%
2007	26.85	28.30	0.2%	2.5%	0.9%
2008	28.20	28.68	0.2%	2.4%	0.8%
2009	36.42	37.09	0.3%	2.4%	0.9%
2010 Est.	39.39	39.39	0.3%	3.2%	1.1%

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

Notes: The data in this table for FY1946-FY1976 represent obligated funds reported in the USAID Greenbook (the most reliable source for pre-1970s data), while FY1977-FY2010 are budget authority figures from the OMB Historic Budget Tables, reflecting the 151 and 152 budget subfunctions. The Greenbook accounts included in the total have been selected by CRS to correlate with the function 151 and 152 budget accounts, allowing for fairly accurate comparison over time.

- 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

Author Contact Information

Curt Tarnoff
Specialist in Foreign Affairs
ctarnoff@crs.loc.gov, 7-7656

Marian Leonardo Lawson
Analyst in Foreign Assistance
mlawson@crs.loc.gov, 7-4475