



U.S. Agency for International Development: An Overview

Background

The U.S. Agency for International Development (USAID) is the lead international humanitarian and development arm of the U.S. government. Established in 1961 to lead implementation of the Foreign Assistance Act of 1961, as amended, its programs support U.S. strategic and development aims by providing assistance to strategically important countries and countries in conflict; leading global efforts to alleviate poverty, disease, and humanitarian need; and assisting U.S. commercial interests by furthering developing countries' economic growth and building these countries' capacity to participate in world trade.

USAID is responsible for the management of more than \$25 billion in combined annual appropriations, representing more than one-third of the funds provided in the Department of State, Foreign Operations, and Related Programs (SFOPS) appropriation and international food aid provided in the Agriculture appropriation. Some USAID appropriations accounts are programmed collaboratively with the Department of State (State), making any calculation of its current budget imprecise. (For more on SFOPS, see CRS Report R46935, *Department of State, Foreign Operations, and Related Programs: FY2022 Budget and Appropriations.*)

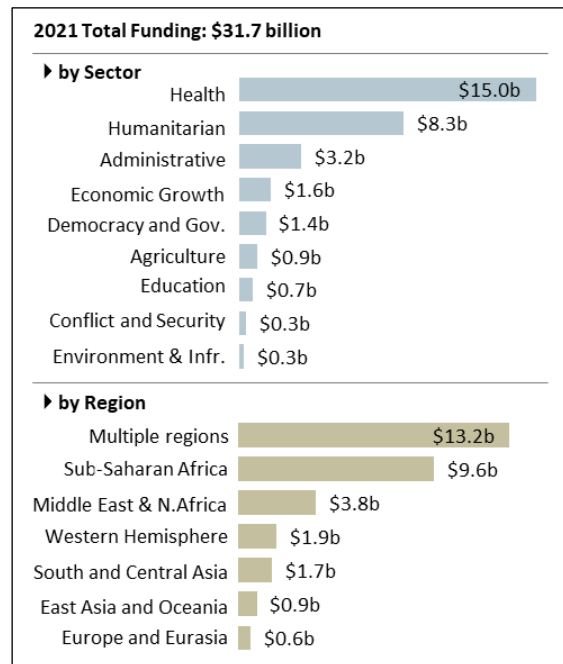
USAID's workforce totals more than 10,000, with approximately two-thirds serving overseas. The agency maintains more than 60 country and regional missions that design and manage a range of projects, most intended to meet specific development objectives as outlined in a Country Development Cooperation Strategy. Most projects are implemented—through a grant, cooperative agreement, or contract—by one of thousands of foreign and U.S. development partners, including nonprofit private voluntary organizations and other nongovernmental organizations (NGOs), for-profit contractors, universities, international organizations, and foreign governments.

In FY2021, the most recent year for which detailed estimates are available, USAID provided assistance to more than 130 countries. Foreign aid allocations reflect both recipient needs and U.S. foreign policy priorities. The top 10 recipients of USAID-implemented funds in FY2021 were, in order of funding, Ethiopia, Jordan, Yemen, South Sudan, Democratic Republic of the Congo, Syria, Nigeria, Sudan, Afghanistan, and Kenya. Reflecting USAID's poverty reduction mandate, 72 of the 82 World Bank-determined low- and lower-middle-income countries received assistance in FY2021, with 30% of USAID funds programmed in sub-Saharan Africa (**Figure 1**).

Since the early 1990s, health has consistently been the largest USAID sector, bolstered since 2004 by billions of dollars in transfers from State's President's Emergency Program for AIDS Relief (PEPFAR) and since 2020 by emergency assistance to combat the Coronavirus Disease

2019 (COVID-19) pandemic. Humanitarian assistance has also increased in recent years in response to both the emergence of new natural and human-induced humanitarian crises, and ongoing protracted crises. (See CRS In Focus IF10568, *Overview of the Global Humanitarian and Displacement Crisis.*)

Figure 1. USAID-Implemented Program Funding, by Sector and Region: FY2021 Estimate



Source: ForeignAssistance.gov and CRS calculations.

Notes: Gov. = Governance; Infr. = Infrastructure.

USAID Under the Biden Administration

USAID Administrator Samantha Power, who took office in May 2021, set three priorities for institutional change at USAID in her “New Vision for Global Development”: (1) increasing the number and diversity of voices involved in the USAID mission by “broaden[ing] the coalition”; (2) focusing assistance more “on the voices and needs of the most marginalized”; and (3) making aid more “responsive” by better incorporating the perspectives of those on the ground. Such priorities build on those of previous Administrations, including those articulated in *USAID Transformation* (Trump) and *USAID Forward* (Obama).

In her nomination hearing, Administrator Power also identified four “interconnected and gargantuan challenges” that USAID will aim to address over the next four years. These include the COVID-19 pandemic, climate change, conflict and state collapse, and democratic backsliding.

Issues for Congress

USAID faces numerous challenges in the process of fulfilling its mission, in part due to how the institution has had to adapt to changes in U.S. foreign aid priorities over time. Some challenges that observers have noted and Congress may choose to address include the following:

Budget. Unpredictable annual budgets are often seen as a management challenge for USAID. There is often a significant disparity between what is requested for USAID programs and what Congress appropriates (e.g., the Biden Administration requested a 6% increase in the agency’s administration budget; the Trump Administration proposed a cut of nearly 10% to the same expenses). Further, final funding levels are often enacted months into the fiscal year due to Congress’s use of continuing resolutions, requiring offices to redistribute funds to meet global needs on a smaller budget or to program large sums of money in relatively short time periods. These disparities and delays can pose ongoing challenges to USAID’s planning and program implementation that Congress may seek to mitigate through USAID-specific or broader budget reforms.

COVID-19. Since the start of the pandemic, USAID has led U.S. foreign assistance efforts to “prevent, prepare for, and respond to” COVID-19 abroad. Assistance activities have included vaccine distribution and health systems support to combat the disease, and distance learning and food security interventions, among many others, to address the pandemic’s second-order effects. Congress provided supplemental funding in FY2020 and FY2021 for USAID’s work and continues to monitor implementation through oversight mechanisms. Moving forward, Congress may consider whether additional funding—via regular or emergency supplemental appropriations—is needed for the global COVID-19 response and, if so, whether the existing balance of resources for addressing first- and second-order effects remains appropriate or should be adjusted.

USAID and the State Department. During the Trump Administration, a long-standing debate about the USAID-State relationship was renewed in the context of agency reorganization efforts. Stakeholders proposed potential reforms, including making USAID the coordinator of all government humanitarian and development assistance, absorbing USAID into State, and creating an entirely new aid agency. While the Trump Administration never articulated firm plans to drastically modify the relationship and the Biden Administration has not pursued any broad institutional changes, the debate may continue. USAID was never established in statute; its status in relation to State has been shaped largely by executive order and could feasibly change without congressional action. Congress may seek to formalize the relationship between the two agencies, though critics of that action may argue that doing so could leave the Administration with less organizational flexibility to meet emerging global challenges.

Sustainability and Effectiveness. Congress has demonstrated continued interest in how USAID ensures that project efforts are maintained by local governments and organizations after U.S. support ends (e.g., enactment of the Foreign Aid Transparency and Accountability Act of 2016, P.L. 114-191). USAID’s continued effort to incorporate

local perspectives into development and broaden agency partnerships—including more private sector engagement—are meant to address this challenge. USAID has also increased its project monitoring, evaluation, and learning requirements for both staff and implementing partners to measure project progress. Congress may pursue additional sustainability and effectiveness requirements in authorizing or appropriations legislation and/or seek further information via formal or informal communications with USAID.

Human Resources. USAID staff are hired and managed under more than 20 mechanisms. These include direct hire staff (e.g., civil and foreign service) and nondirect hire staff (e.g., personal services contractors and institutional support contractors). USAID has stated that this structure does not give enough flexibility to meet the agency’s evolving needs. Further, some experts are concerned that the agency’s increasing reliance on nondirect hire positions has led to a lack of institutional knowledge and higher staff turnover. The USAID Office of Inspector General also found in 2019 that staff responsible for award and contract management often felt overworked, without the time to conduct adequate program oversight. Congress may examine these issues, and possible legislative responses, as part of its agency oversight activities.

Employee Diversity. In June 2020, the Government Accountability Office (GAO) found that USAID was not fully successful in its efforts to increase the agency’s workforce diversity between 2002 and 2018. USAID outlined a number of steps it would take to address these findings, including revising its operational policy, updating the agency’s *Strategic Plan for Diversity and Inclusion* (completed in 2021), and analyzing workforce data to inform future diversity and inclusion work. Congress has signaled its support for workforce diversity efforts within foreign affairs agencies through annual appropriations legislation provisions and multiple oversight hearings, though efforts to date have focused more on the State Department than on USAID.

Program Flexibility. Congressional funding mandates, specifying amounts for health, biodiversity, and other sectors, account for as much as two-thirds of USAID’s annual program budget. These, plus any presidential initiatives, may limit USAID missions’ capacity to advance the objectives of their Country Development Cooperation Strategies. Some critics assert that legislative conditions further stymie flexibility and cost efficiency. Congress may consider whether legislative directives, individually or as a general policymaking tool, effectively balance support for Members’ priorities with USAID’s broader strategy.

Fragility. Security concerns in fragile states may hinder successful project implementation. In 2018, USAID joined with the Departments of State and Defense to conduct a Stabilization Assistance Review (SAR), which offers lessons learned and best practices for working in conflict-affected areas. Congress has engaged on these issues, including with the enactment of the Global Fragility Act of 2019 (P.L. 116-94, Div. J, Title V), and may consider additional legislative or oversight measures to ensure aid effectiveness in fragile environments.

Emily M. Morgenstern, Analyst in Foreign Assistance and Foreign Policy

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.