



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, it provides assistance to strategically important countries and countries in conflict; leads global efforts to alleviate poverty, disease, and humanitarian need; and assists U.S. commercial interests by supporting developing countries' economic growth and building their 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 R47070, *Department of State, Foreign Operations, and Related Programs: FY2023 Budget and Appropriations.*)

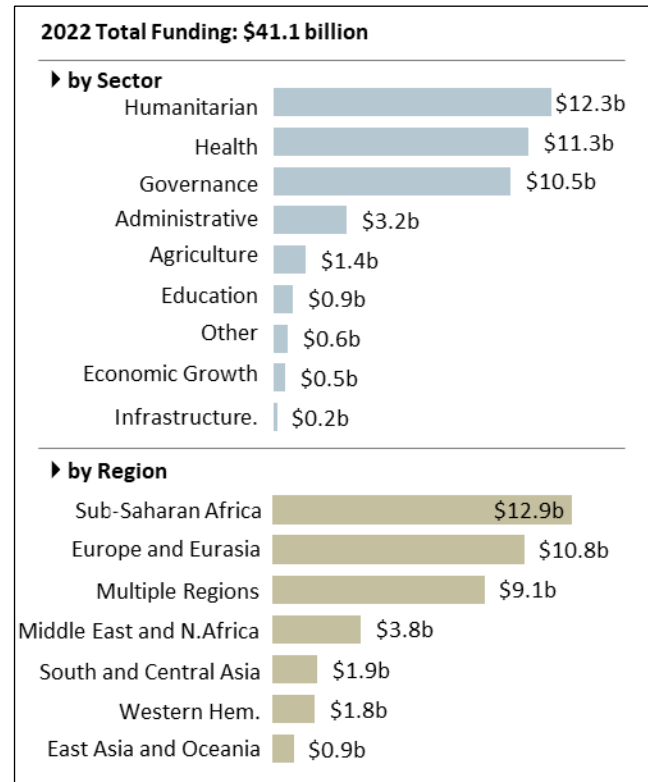
USAID's workforce totals more than 10,000, with approximately two-thirds serving overseas. The agency maintains more than 60 country and regional missions that design and manage a range of projects, most intended to meet specific development objectives as outlined in a Country Development Cooperation 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 FY2022, the most recent year for which detailed estimates are available, USAID provided assistance to more than 130 countries. The top 10 recipients of USAID-managed funds in FY2022 were, in order of funding, Ukraine, Ethiopia, Yemen, South Sudan, Somalia, Nigeria, Afghanistan, Democratic Republic of Congo, Syria, and Sudan. Reflecting USAID's poverty reduction mandate, 70 of the 82 World Bank-determined low- and lower-middle-income countries received USAID assistance in FY2022, with 31% of USAID funds programmed in sub-Saharan Africa (**Figure 1**).

Since the early 1990s, health was consistently the largest USAID sector, bolstered since 2004 by billions of dollars in transfers from State's President's Emergency Plan for AIDS Relief (PEPFAR) and since 2020 by emergency assistance to combat the COVID-19 pandemic. In FY2022, however, humanitarian assistance surpassed health as the largest sector. This follows year-over-year increases in

humanitarian assistance in response to natural and human-induced humanitarian crises. (See CRS In Focus IF10568, *Overview of the Global Humanitarian and Displacement Crisis.*)

Figure 1. USAID-Implemented Program Funding, by Sector and Region: FY2022 Estimate



Source: ForeignAssistance.gov and CRS calculations.

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) “broaden[ing] the coalition” by increasing the number and diversity of voices at USAID and among implementers; (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 the *USAID Transformation* (Trump) and *USAID Forward* (Obama) initiatives.

Programmatically, USAID has increasingly focused on food security—including in response to the surge in global hunger in part due to COVID-19 and Russia's war in Ukraine—climate change, and democracy and governance. The agency is also providing significant humanitarian, development, and economic support to Ukraine.

Issues for Congress

USAID faces numerous challenges in the process of fulfilling its mission, in part due to how the institution has adapted to changes in U.S. foreign aid priorities over time. Congressional oversight and legislative issues include the following:

Budget. Unpredictable annual budgets are often seen as a recurrent management challenge for USAID. There is often a significant disparity between what the Administration requests for USAID and what Congress appropriates. Congress often enacts final funding levels 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. Further, in response to COVID-19 and the war in Ukraine, Congress has enacted large sums of emergency supplemental funding for USAID, requiring the agency to rapidly program and oversee such funds. These disparities, delays, and sudden influxes can pose ongoing challenges to USAID's planning and program management that Congress may seek to mitigate through USAID-specific or broader budget reforms.

Ukraine. As of January 1, 2023, Congress has appropriated nearly \$36.7 billion in emergency supplemental funds for accounts solely or partially administered by USAID to address the war in Ukraine. Funds have been obligated for direct financial support to Ukraine; humanitarian assistance; and development assistance in the agriculture, governance, and energy sectors, among other purposes. Some Members have expressed concern about both the scale and oversight of such funding. The 118th Congress may consider whether to provide additional support to Ukraine and other countries affected by the war, including through accounts administered by USAID. Members may also examine whether current oversight mechanisms are sufficient and, if not, debate potential alternatives.

USAID's Policy Role. USAID is, by statute, both an "independent establishment" and under "the direct authority and policy guidance of the Secretary of State" (P.L. 105-277). Each Administration has adopted its own approach to this status. The Biden Administration granted the USAID Administrator a permanent seat on the National Security Council (NSC), a more prominent role than under previous Administrations during which the Administrator attended only certain NSC meetings that addressed the agency's work and other development-related issues. While many development stakeholders welcomed this adjustment, some expressed concern that the agency's increased participation could stretch staff capacity and require an expanded "scope of knowledge." Congress may consider how, if at all, USAID's elevated role has advanced foreign assistance vis-a-vis other U.S. foreign policy priorities. Congress may seek to determine whether such participation has affected agency operations and interagency coordination.

Localization. USAID defines locally led development as "the process in which local actors—encompassing individuals, communities, networks, organizations, private entities, and governments—set their own agendas, develop solutions, and bring capacity, leadership, and resources to make those solutions a reality." The agency asserts that pursuing locally led development approaches is "essential

for fostering sustainable results." However, the agency has faced challenges in operationalizing its localization work. These include potential increased financial risk when working with local partners when compared with U.S.-based entities, inconsistent definitions of "local entities" leading to confusion among stakeholders, and potential conflicts between localization objectives and USAID development goals. The 118th Congress may seek to assess USAID's efforts to expand its use of local implementing partners.

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, and recent reports have indicated dissatisfaction among contractors, in particular. Further, some experts are concerned that the agency's reliance on nondirect hire positions has led to a lack of institutional knowledge and higher staff turnover. The 118th Congress may examine these issues and consider legislative responses.

Workforce Diversity. Administrator Power has repeatedly cited diversity, equity, inclusion, and accessibility (DEIA) as agency priorities. The agency appointed a Chief Diversity Officer (CDO)—USAID's first—and established an office to implement USAID's DEIA Strategic Plan, launched in April 2022. USAID's efforts to increase workplace diversity face various challenges, including a lack of comprehensive agency diversity data, what some view as limited and narrowly focused diversity programs, and reported slow pace of change in the agency, among others. The 117th Congress held hearings on USAID's DEIA efforts; the 118th Congress may engage on these issues as part of its agency oversight activities.

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 mandates allow Congress to direct USAID's attention and resources to issues of interest or concern to Members, but they may also limit USAID's flexibility and potentially disadvantage certain sectors. Congress may consider whether legislative directives, individually or as a general policymaking tool, effectively balance issue-specific programming priorities against broader USAID strategy and U.S. foreign policy priorities.

Fragility. Congress enacted the Global Fragility Act in 2019 (GFA, Title V of Div. J, P.L. 116-94) in an effort to advance a more coherent approach to stabilization programming, recognizing the enduring challenge of so-called fragile states and the lack of a working methodology to address state instability. The Biden Administration announced country and subregional GFA priority countries in April 2022, though State and USAID had not finalized country/regional plans under GFA as of January 2023. The 118th Congress may continue to engage on these issues, including through monitoring GFA's implementation.

Emily M. McCabe, 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.