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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 implement the Foreign Assistance Act of 1961, it provides assistance to strategically important countries and countries in conflict; leads U.S. efforts to alleviate poverty, disease, and humanitarian need; and assists U.S. commercial interests by supporting developing countries' economic growth and building countries' capacity to participate in world trade.

In FY2023 (the most recent year for which complete data are available), USAID managed more than \$40 billion in combined appropriations, representing more than one-third of the funds provided in the FY2023 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 USAID's current budget imprecise. (For more on SFOPS, see CRS Report R48231, *Department of State, Foreign Operations, and Related Programs: FY2025 Budget and Appropriations*.)

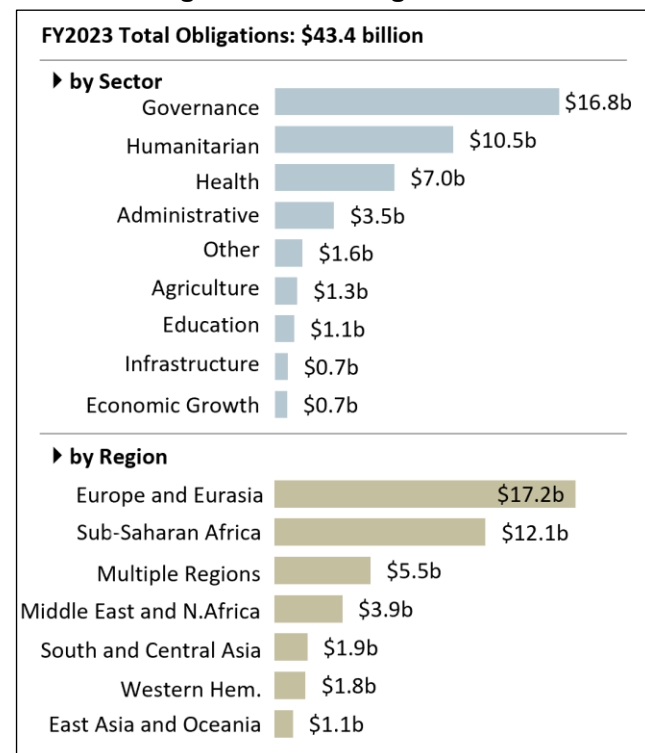
USAID's workforce totals more than 10,000, with approximately two-thirds serving overseas (the reported workforce level does not include institutional support contractors). The agency maintains more than 60 country and regional missions that design and manage a range of projects, most intended to meet 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 organizations, for-profit contractors, universities, international organizations, and foreign governments.

In FY2023, USAID provided assistance to approximately 130 countries. The top 10 recipients of USAID-managed funds in FY2023 were, in descending order of funding, Ukraine, Ethiopia, Jordan, Democratic Republic of Congo, Somalia, Yemen, Afghanistan, Nigeria, South Sudan, and Syria. Reflecting USAID's poverty reduction mandate, 70 of the 77 World Bank-determined low- and lower-middle-income countries received USAID assistance in FY2023. USAID programmed 40% of its funds in Europe and Eurasia in FY2023, the majority of which were for Ukraine (**Figure 1**).

Beginning in the early 1990s, health was consistently the largest USAID sector by funding, 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 followed 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*.) For FY2023, governance was the highest funded sector, a result of U.S. direct financial support for the Government of Ukraine. (See CRS In Focus IF12305, *U.S. Direct Financial Support for Ukraine*.)

Figure 1. USAID-Managed Program Funding, by Sector and Region: FY2023 Obligations Estimate



Source: ForeignAssistance.gov, accessed on October 10, 2024, and CRS calculations.

USAID Under the Biden Administration

USAID's current *Policy Framework*, released in March 2023, set three priorities for USAID: (1) "confronting the greatest challenges of our time," such as complex emergencies, authoritarianism, and global health security; (2) "embracing new partnerships," including support for locally led development and greater engagement with the private sector; and (3) "investing in USAID's enduring effectiveness," such as through workforce development initiatives and increased focus on evidence-based programs. Such priorities build on those of previous Administrations, including those articulated in the *USAID Transformation* (Trump) and *USAID Forward* (Obama) initiatives.

In addition to its long-standing development work, USAID in recent years has also provided significant humanitarian, development, and economic support to Ukraine and countries affected by Russia's war in Ukraine, as well as humanitarian assistance in Gaza and elsewhere.

Issues for Congress

USAID faces numerous challenges as it seeks to fulfill its mission, in part due to how the institution has adapted to changes in U.S. foreign aid priorities over time. Legislative and congressional oversight issues include the following:

Budget. Unpredictable annual budgets have been seen as a recurrent challenge for USAID. Frequently, there is 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 its use of continuing resolutions, requiring USAID 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 the war in Ukraine and the Israel-Hamas conflict, Congress has enacted large sums of emergency 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.

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 its capacity and the scope of its work. Congress may consider how, if at all, USAID's elevated role has advanced or harmed foreign assistance vis-à-vis other U.S. foreign policy priorities. Congress may seek to determine whether such participation has also affected agency operations and interagency coordination.

Localization. USAID has prioritized increasing the amount of foreign assistance funding it channels through local actors and seeking greater local input in program design. The agency asserts that pursuing locally led development approaches is "essential for fostering sustainable results" and in November 2021, set a target of providing at least 25% of its program funds to local partners by the end of FY2025. The agency has faced challenges in operationalizing its localization work. These include potential increased financial risks 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 Agency's FY2023 Localization Progress report showed a dip in direct local funding from 10.2% in FY2022 to 9.6% in FY2023, but argued it has made progress in

other ways, including increasing both the number of new awards to local partners and local partners with which USAID works. Congress may seek to further assess USAID's localization efforts and consider ways it may direct or influence such work.

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). Direct hire staff account for less than half of the reported workforce. USAID has stated that its hiring structures do not meet the agency's evolving needs, and recent reports have indicated dissatisfaction among nondirect hire staff, 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. Members may examine these issues and consider legislative responses.

Workforce Diversity. USAID Administrator Samantha 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; Members in the 118th Congress have continued to engage on these issues.

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, not connect with USAID's Policy Framework or country strategies, and 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.

Ukraine. Since February 2022, Congress has appropriated more than \$46 billion in emergency funds for accounts solely or partially managed 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. While some Members have emphasized the need for continued funding for Ukraine, others have expressed concern about both the scale and oversight of such funding. Members 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, consider potential alternatives.

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