

Updated November 1, 2024

# U.S. Foreign Assistance

## What Is U.S. Foreign Assistance?

Foreign assistance is an instrument of U.S. foreign policy through which the U.S. government provides resources to strategically important countries, countries in conflict, and other populations in need. Most U.S. foreign assistance is administered by the U.S. Agency for International Development (USAID); the U.S. Departments of State, Agriculture, Health and Human Services, the Treasury, and Defense; and the Millennium Challenge Corporation.

U.S. foreign assistance can take many forms. Most aid is provided on a grant basis through projects implemented by nonprofit organizations, businesses, U.S. government agencies, foreign governments, and multilateral organizations. Projects may support assets such as vaccines, malaria nets, food, weapons and other military hardware, textbooks, and roads and other infrastructure. It may also include interventions like expert technical advice, training, engineering advice, and research products, among others, in a wide range of sectors (see **Figure 1**). Aid may also be provided as direct budget support (cash) to foreign governments or multilateral organizations.

Congress authorizes and appropriates foreign assistance through legislation, including the Foreign Assistance Act of 1961, as amended, and annual Department of State, Foreign Operations, and Related Programs (SFOPS) appropriations laws. It also conducts oversight of foreign aid programs via reporting and notification requirements, oversight hearings, and examination of Office of Inspector General and Government Accountability Office audits and investigations, among other means.

## Rationales for Providing U.S. Foreign Assistance

Members of Congress, executive branch officials, and other policymakers present a range of arguments for and against U.S. foreign assistance. Advocates cite three broad and overlapping rationales in support of foreign aid:

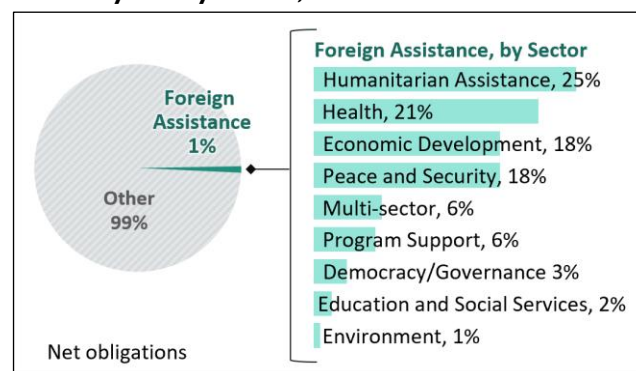
- (1) **National Security.** Aid may help build stability and counter international threats by promoting global prosperity, public health, environmental protection, democracy and the rule of law, and the military readiness and security of U.S. partners and allies.
- (2) **Commercial Interests.** Supporting economic growth and trade integration may expand markets for U.S. exports, fostering U.S. economic opportunity and jobs.
- (3) **U.S. Values and Goodwill.** Meeting basic needs such as food, shelter, and medicine of vulnerable populations, and broadly fighting global poverty, may effectively reflect U.S. values and global leadership.

Critics maintain that foreign assistance efforts have often been ineffective and wasteful. Other critics argue that foreign aid funds would be better used to address domestic priorities, or to reduce the federal deficit.

## How Much Is Spent on U.S. Foreign Assistance?

In FY2022, the most recent year for which near-comprehensive data are available (and used throughout this In Focus for that reason), the United States obligated an estimated \$70.3 billion in foreign assistance from all sources, as reported by the [foreignassistance.gov](https://www.foreignassistance.gov) database. This represented about 1% of the total federal budget (**Figure 1**) and 3.9% of discretionary budget authority. Assistance included funds pursuant to the SFOPS appropriations and aid from other agency appropriations.

**Figure 1. Foreign Aid as a Portion of Federal Budget Authority and by Sector, FY2022**

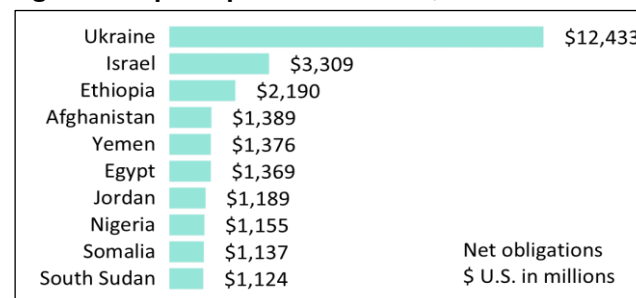


**Source:** [Foreignassistance.gov](https://www.foreignassistance.gov) data accessed on October 17, 2024; CRS calculations.

According to the Organization for Economic Cooperation and Development, among official development assistance donors, the United States ranked first in the world in 2022 in dollar terms, but near the bottom when assistance levels were presented as a percentage of gross national income.

## Who Receives U.S. Foreign Assistance?

**Figure 2. Top Recipients of U.S. Aid, FY2022**



**Source:** [Foreignassistance.gov](https://www.foreignassistance.gov) data accessed on October 17, 2024; CRS calculations.

Approximately 180 countries and territories received U.S. assistance in FY2022, reflecting the broad use of aid as a diplomatic and strategic tool. Top U.S. bilateral aid recipients are typically strategic allies, countries in humanitarian crisis, counterterrorism partners, or global

health focus countries. The top 10 recipient countries in FY2022 accounted for about 38% of aid obligations (see **Figure 2**). U.S. aid is geographically dispersed—75 countries received more than \$100 million of U.S. aid in FY2022, and 121 received more than \$10 million.

### Historic Trends

Since 1980, foreign aid spending has varied considerably depending on U.S. policy initiatives, international crises, and budget constraints (see **Figure 3**).

Aid to Central America and efforts at Middle East peace drove aid funding up in the 1980s, peaking within the decade in 1985. The end of the Cold War and a deficit reduction law led to lower aid funding in the 1990s, though aid to Eastern Europe increased at this time, supporting Euro-Atlantic integration and the transition from communism to democracy and market-driven economies.

Foreign aid levels rose sharply in the early 2000s with new military and reconstruction aid for Iraq and Afghanistan and the launch of the President's Emergency Plan for AIDS Relief and the Millennium Challenge Corporation.

The early 2010s saw reduced foreign aid funding, primarily as a result of fiscal constraints imposed by the Budget Control Act of 2011 together with a scaled-back U.S. military presence in Iraq and Afghanistan. Assistance obligations steadied in the late 2010s, however, largely reflecting emerging crises and new priorities, such as the Ebola epidemic in West Africa and humanitarian needs amid the rise of the Islamic State.

For FY2018-FY2021, the Trump Administration proposed deep annual cuts to foreign assistance; Congress opted to maintain or increase foreign aid. Focus areas included countering the global influence of the People's Republic of

China and Russia (reflected, for example, in a new U.S. International Development Finance Corporation); humanitarian crises; and global health, including COVID-19 response.

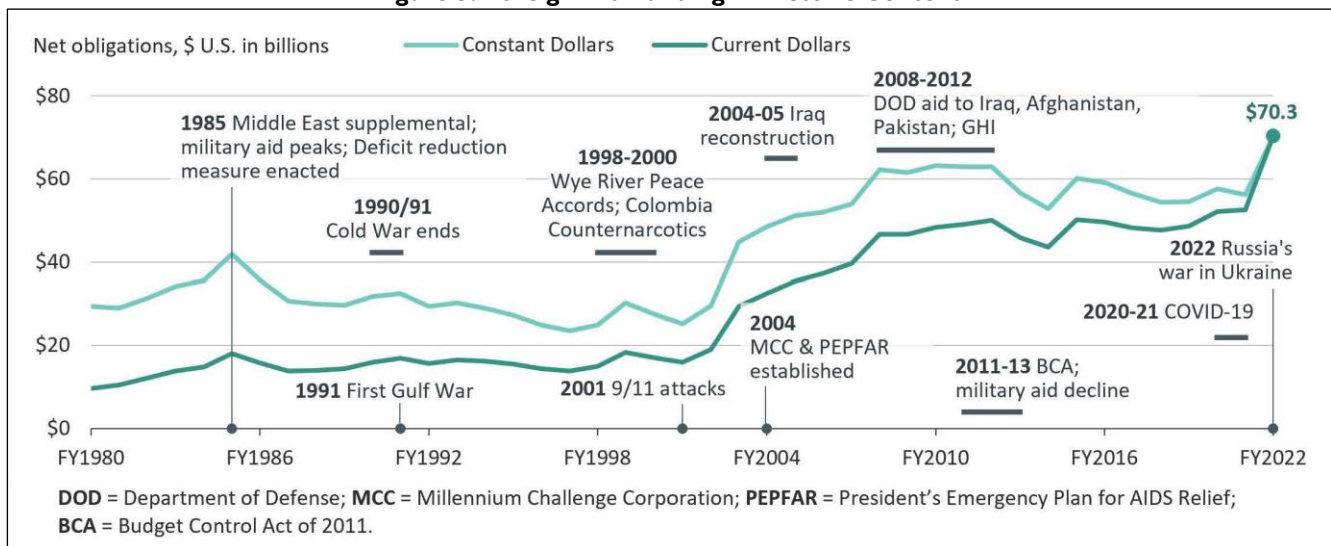
Upon assuming office in 2021, the Biden Administration set three cross-cutting priorities for foreign assistance: responding to climate change through bilateral and multilateral efforts, addressing the effects of the COVID-19 pandemic, and combating authoritarianism. Russia's 2022 full-scale invasion of Ukraine led the Administration and Congress to prioritize a renewed expansion of U.S. aid to Ukraine and countries affected by the war. The 2023-2024 Israel-Hamas war also saw enactment of major foreign assistance packages, which are not reflected in this In Focus because obligations began in FY2024.

### Role of Congress and Outlook

Congress plays a significant role in shaping U.S. foreign assistance. In authorizing and appropriating aid, Members may consider Administration proposals, direct foreign assistance toward their own priority sectors and countries, mandate new strategies and initiatives, require reporting on select aid programs, and prohibit assistance for certain purposes. Congress also may focus on ensuring accountability and effective oversight of aid programs, particularly in conflict zones. When taking such actions, Members may consider how they affect the Administration's ability to implement its foreign assistance strategies and to adjust assistance to meet emerging needs.

For more detailed information on foreign assistance, see CRS Report R40213, *Foreign Assistance: An Introduction to U.S. Programs and Policy*, and CRS Report R48231, *Department of State, Foreign Operations, and Related Programs: FY2025 Budget and Appropriations*.

**Figure 3. Foreign Aid Funding in Historic Context**



**Source:** Foreignassistance.gov data accessed on September 12, 2024; CRS calculations.

**Notes:** DOD = Department of Defense; MCC = Millennium Challenge Corporation; PEPFAR = President's Emergency Plan for AIDS Relief; BCA = Budget Control Act of 2011.

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