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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 United States government. Its programs support U.S. political and strategic 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 implementation of more than \$20 billion in combined annual appropriations, representing more than one-third of the funds provided in the State, Foreign Operations (SFOPS) appropriation and international food aid provided in the Agriculture appropriation. USAID's annual appropriations come from 14 budget accounts—most "solely owned" and some programmed collaboratively with the Department of State—making any calculation of its current budget imprecise. (For more on SFOPS, see CRS Report R45763, *Department of State, Foreign Operations, and Related Programs: FY2020 Budget and Appropriations.*)

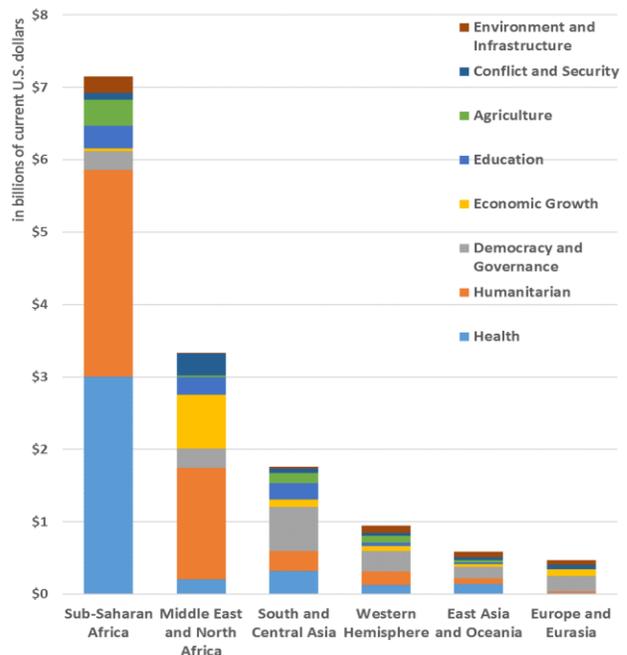
*"On behalf of the American people, we promote and demonstrate democratic values abroad, and advance a free, peaceful, and prosperous world. In support of America's foreign policy, the U.S. Agency for International Development leads the U.S. Government's international development and disaster assistance through partnerships and investments that save lives, reduce poverty, strengthen democratic governance, and help people emerge from humanitarian crises and progress beyond assistance."*  
— USAID Mission Statement (2019)

USAID 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—such as nonprofit private voluntary organizations and other nongovernmental organizations (NGOs), for-profit contractors, universities, international organizations, and foreign governments.

In FY2018, the most recent year for which detailed data are available, USAID provided assistance to more than 120 countries. Foreign aid allocations reflect both recipient needs and U.S. foreign policy priorities. The top 10 recipients of USAID-implemented funds in FY2018 were, in order of funding, Jordan, Afghanistan, Nigeria, Ethiopia, South Sudan, Syria, Yemen, Democratic Republic of the Congo, Iraq, and Kenya. Reflecting USAID's poverty

reduction mandate, 72 of the 78 World Bank-determined low- and lower-middle-income countries received assistance in FY2018, with about 50% of USAID funds attributable to specific countries and regions in sub-Saharan Africa (Figure 1).

**Figure 1. USAID-Implemented Program Funding, by Region and Sector: FY2018**



Source: Foreign Aid Explorer and CRS calculations.

Since the early 1990s, health has consistently been the largest USAID sector, bolstered since 2004 by billions of dollars in transfers from the Department of State's President's Emergency Program for AIDS Relief (PEPFAR). Humanitarian assistance has also increased in recent years, particularly in response to both the emergence of new natural and human-induced humanitarian crises, and ongoing protracted crises. (For more information on U.S. responses to humanitarian crises, see CRS In Focus IF10568, *Overview of the Global Humanitarian and Displacement Crisis.*)

## USAID Under the Trump Administration

USAID Administrator Mark Green was sworn in on August 7, 2017. Under his leadership, and in response to Administration directives aimed at making federal agencies more efficient, effective, and accountable, USAID has pursued a series of internal reforms, branded as *USAID Transformation*. Reforms are focused in three target areas—process and programs, organizational structure, and workforce management—and many build on past efforts, including those of the Obama and George W. Bush

Administrations. Underlying the proposed *Transformation* is the “Journey to Self-Reliance,” the ultimate goal of which is ending the need for foreign assistance by building country capacity to plan, finance, and implement solutions to address development challenges without foreign assistance.

While most *Transformation* reforms are not contingent on congressional approval, some have required congressional notification prior to implementation. Through the notification process, Congress has been able to weigh in on actions and apply “holds” when it deems necessary (holds are nonbinding but USAID generally defers action when holds are in place). Congress has also shaped the reform’s implementation through other oversight functions and funding requirements and restrictions. (For more information on *Transformation*, see CRS Report R45779, *Transformation at the U.S. Agency for International Development (USAID)*.)

### 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. According to authors Kopp and Naland, “The constant battles in Congress and within the administration over how much to spend on foreign aid and how and where to spend it make the agency vulnerable to sharp swings in funding and frequent reorganization.” The challenges that observers have noted and Congress may track include the following:

**Budget.** For the third year in a row, the Administration is proposing cuts of more than 20% to the agency’s annual budget. As Congress has repeatedly not accepted the proposed budget cuts, the disparity between what is requested and what is appropriated has posed a challenge to USAID’s planning and program implementation. The appropriation of significantly more funding than requested—often months into the fiscal year due to Congress’s use of continuing resolutions—can require offices to program large sums of money in relatively short time periods.

**USAID and the State Department.** The Administration’s *Transformation* effort has renewed a long-standing debate about the USAID-State Department relationship. In crafting the reform agenda, USAID solicited input from a number of stakeholders, which led to multiple reform proposals. These include making USAID the coordinator of all government humanitarian and development assistance, absorbing USAID into the State Department, and creating an entirely new aid agency, among others. As of now, no firm plans exist to drastically modify the institutional relationship, but the debate may continue throughout *Transformation*’s implementation. USAID was never established in statute; rather, its status in relation to the State Department has been largely shaped by executive orders. As such, USAID’s status could feasibly change without congressional action.

**Sustainability and Effectiveness.** How USAID ensures that project efforts are maintained by local governments and organizations after U.S. financial and technical support ends continues to be of interest to Congress. USAID’s

“Journey to Self-Reliance,” related country development plans, and new financing efforts—including greater private sector engagement—are meant to address this challenge. Further, in this Administration and the last, USAID has increased its project monitoring, evaluation, and learning (MEL) requirements for both staff and implementing partners to measure project progress. USAID indicates that its MEL agenda is an iterative process, evolving to incorporate best practices.

**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 is unwieldy to manage and does not give it 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. USAID maintains that it is factoring these issues, among others, into its workforce development plan; Congress provides input into USAID workforce issues in annual appropriations legislation.

**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 believe that legislative conditions further stymie flexibility and cost efficiency. For example, all funding for USAID Mozambique is congressionally directed or earmarked by presidential initiatives, leaving the mission no discretion to program funds or assign development objectives outside of those mandates.

**Security.** Security concerns in nonpermissive environments raise obstacles to successful project implementation, including restricted access to local projects for monitoring purposes and finding contractors willing to take the risk of establishing a local presence. Security standards passed by Congress following the 1998 bombings of the U.S. Embassies in Kenya and Tanzania required the co-location of USAID personnel in extremely secure U.S. embassies, even in seemingly stable, safe countries. Some observers raise concern that this arrangement can discourage the interaction with local government and private sector stakeholders that many consider necessary for successful development programs. In 2018, USAID joined with the Departments of State and Defense to conduct a Stabilization Assistance Review (SAR), which explores the challenges of and best practices for working in conflict-affected areas. Lessons learned include increasing data use to inform project development and increasing burden sharing among other donors and local actors, among others.

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