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U.S. Agency for International Development: An Overview

Background

The U.S. Agency for International Development (USAID) is the leading international humanitarian and development arm of the United States government. Its programs also support the political and strategic aims of the United States by providing assistance to strategically important and conflict countries, and assist U.S. commercial interests by furthering the economic growth of developing countries and building these countries' capacity to participate in world trade.

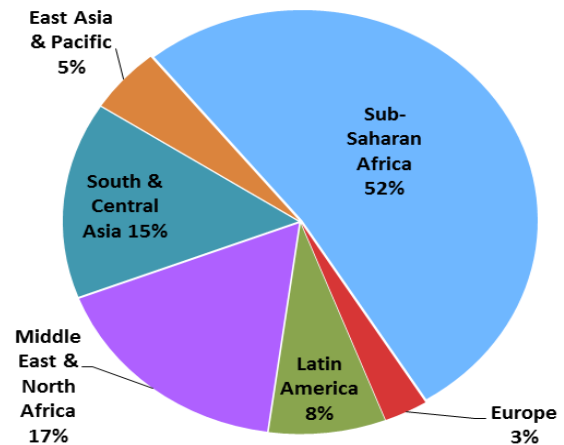
In FY2017, USAID is responsible for over \$20 billion in appropriations, representing more than one-third of the International Affairs 150 budget function and more than half of total foreign assistance encompassed by the State, Foreign Operations Appropriations (SFOPS) and international food aid appropriated under the Agriculture Appropriations. USAID's annual appropriations come from 14 different budget accounts—most "solely-owned" and some shared with the Department of State—making any calculation of its current budget somewhat imprecise.

We partner to end extreme poverty and to promote resilient, democratic societies while advancing our security and prosperity. USAID Mission Statement

USAID maintains more than 60 country and regional missions that design and manage a wide range of projects, most intended to meet specific development objectives as formulated in a Country Development Cooperation Strategy. Most projects are implemented through some form of grant, cooperative agreement, or contract by one of thousands of potential development partners—such as U.S. nonprofit private voluntary organizations and other non-governmental organizations (NGOs), U.S. for-profit contractors, universities, international organizations, and foreign partner governments, civil society, and the private sector.

In FY2016, the most recent year in which detailed data is available, USAID provided assistance to over 120 countries, including 74 of the 84 low and lower-middle income countries. Foreign aid allocations reflect both recipient needs and U.S. foreign policy priorities. Suggestive of the strong foreign policy purpose behind many USAID activities, the top 10 recipients of USAID-implemented funds in FY2016 were Afghanistan, Ethiopia, Syria (for refugees), South Sudan, Kenya, Jordan, Nigeria, Pakistan, Iraq, and Democratic Republic of Congo. In FY2016, about 52% of USAID funds attributable to countries and regions went to sub-Saharan Africa and 17% went to the Middle East and North Africa (Figure 1).

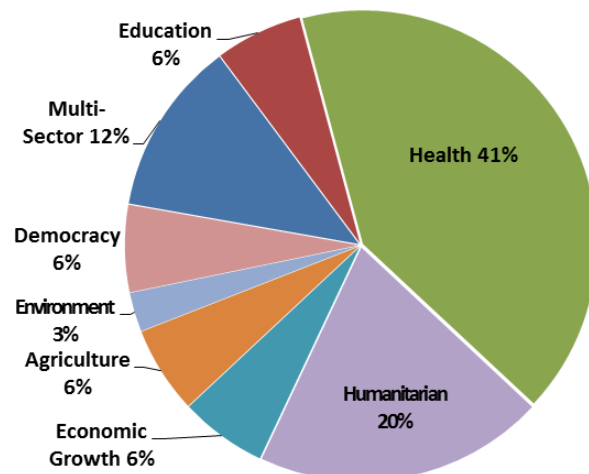
Figure 1. USAID-Implemented Program Funding by Region: FY2016



Source: USAID, <https://explorer.usaid.gov> and CRS calculations.

Of FY2016 funds attributable to a specific sector (Figure 2), 41% went for health programs and 20% for humanitarian efforts. Since the early 1990s, health programs have consistently been the largest USAID assistance 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 aid, too, has increased significantly in recent years, particularly in response to the 2004 Indian Ocean earthquake and tsunami, the 2010 Haiti earthquake, and the 2014 Ebola epidemic.

Figure 2. USAID-Implemented Program Funding by Sector: FY2016



Source: USAID, <https://explorer.usaid.gov> and CRS calculations.

USAID Under the Trump Administration

Administrator Mark Green was sworn in August 7, 2017. While no new policies have been announced under his

leadership, in testimony he cited accountability, focusing on what works, incentivizing local capacity-building and implementation, and leveraging partnerships with the private sector among his guiding principles. Prior to Administrator Green's confirmation, the Trump Administration proposed an FY2018 budget that would cut USAID funding by nearly 40%. Congress is likely to modify the Administration's proposal, but account and program cuts could have a major impact on how USAID is able to address operational challenges.

Challenges

USAID faces numerous challenges in the process of fulfilling its mission, in part due to the setting in which it often operates—developing countries. Among the continuing and new challenges that observers have noted and the Congress may track closely are the following:

Reform. A March 2017 executive order seeking a comprehensive plan to reform government and reduce the workforce requires agencies to propose efficiencies and program cuts. It remains to be seen whether any proposed changes will complement the so-called USAID Forward reforms undertaken during the Obama Administration, which sought to improve the way USAID did business, or take a markedly different approach. The congressional role in approving executive-initiated reforms is unclear at this point as well.

USAID Status. The Administration reorganization effort has stimulated multiple reform proposals from NGOs, including calls for making USAID the coordinator of all government humanitarian and development assistance, for the absorption of USAID into the Department of State, and for creation of an entirely new aid agency, among others. Deputy Secretary of State Sullivan has said absorption into State is not planned. Any change in USAID's institutional status must have congressional approval.

Local Solutions. Under USAID Forward, the agency sought, with variable success, to push an increasing amount of assistance through local entities—15.9% of mission program funds in FY2016, down from a high of 18.6% in FY2015. Ensuring accountability for use of U.S. taxpayer dollars by local governments, civil society, and private business in at times corrupt societies requires special efforts to mitigate risk, including a need for more personnel and funding in order to monitor local entities and build their capacities.

Sustainability. How can USAID ensure that project efforts are maintained by local governments and organizations after U.S. financial and technical support ends? One USAID response is the Local Solutions initiative that seeks to build “country ownership” for development objectives. Another is more domestic resource mobilization efforts—projects to develop a government's capacity to collect revenue to support development. Sustainability is increasingly viewed as a measure of aid effectiveness.

Human Resources. A 2015 study of the stress faced by USAID staff suggests that employees are overburdened and

missions are insufficiently staffed, especially in crisis countries. Despite an increased number of USAID Foreign Service Officers in recent years, the agency still faces shortages of specific skill sets—for example, contract officers and program officers to meet the needs generated by the on-going effort to work more closely with local government and private sector partners, and agricultural specialists to develop and implement Food Security Initiative projects. Staff retention, especially of foreign nationals, and lack of language and skill training are continuing human resource concerns.

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 a host of presidential initiatives, are viewed by many observers as restricting the ability of USAID mission personnel to program project activities in accordance with development professional and partner country priorities. Some critics believe that many legislative conditions further stymie flexibility—most food aid, for example, must be provided in the form of U.S. produce and shipped on expensive U.S. freighters instead of purchased with cash near a food emergency site.

Scaling-Up. Innovations in science, technology, and development practice are usually tested with pilot programs in one province in one country. Seeing successful ideas from pilot through to maturity and making them work at the country, region, and international level likely requires a long-term funding horizon, programming flexibility, and mechanisms to spread ideas throughout the agency. Each of these elements represents a challenge in the current aid policy and planning process.

Evaluation. To improve its learning process, USAID has required more project evaluations and has established improved indicators by which it can measure project progress. The next step and challenge for the agency is to ensure that lessons learned are applied to future projects so that actual change results in how things are done.

Security. Security concerns in non-permissive environments, such as South Sudan and Afghanistan, 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. Even in “normal” countries, security concerns have often caused the co-location of USAID in isolated and extremely secure U.S. embassies that discourage the interaction with local government and private sector considered necessary by many observers for successful development programs.

For further background on the agency, see CRS Report R44117, *U.S. Agency for International Development (USAID): Background, Operations, and Issues*.

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