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Selected Trump Administration Foreign Aid Priorities: A Wrap-Up

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Congressional interest in and support for U.S. foreign aid has remained consistent throughout numerous Administrations. The Trump Administration pursued changes to foreign aid funding and policy priorities consistent with its "America First" foreign policy orientation, a stated desire to reduce federal spending, and with goals identified in its December 2017 National Security Strategy, including ending the need for foreign assistance. Some initiatives built on the work of previous Administrations, while others conflicted with, and in some instances sought to dismantle, long-standing U.S. programs and policies.

The Trump Administration pursued some policies that would have substantially reshaped the vast majority of foreign aid programs. These included proposals to reduce or rescind foreign aid funding; to consolidate appropriations accounts; and to reorganize, consolidate, or eliminate selected foreign aid agencies. The Trump Administration also pursued initiatives and policies concerning specific agencies, sectors, and countries, including the following:

- launch of the U.S. Agency for International Development (USAID)'s *Transformation* reform initiative, which involved policy changes, as well as an organizational restructuring;
- establishment of the U.S. International Development Finance Corporation (DFC), which consolidated the former Overseas Private Investment Corporation (OPIC) and USAID's Development Credit Authority (DCA);
- launch of the Women's Global Development and Prosperity (W-GDP) Initiative, intended to advance women's economic empowerment globally; and
- introduction of new regionally focused aid initiatives and modification of regional priorities, such as the Prosper Africa Initiative, the Indo-Pacific Strategy, and the U.S. Strategy for Engagement in Central America.

Congressional responses to the Trump Administration's actions varied. In some instances, Congress rejected or amended Administration proposals—for example, Congress did not accept the Administration's annual requests for foreign aid budget cuts—although in other cases the Administration's proposals moved forward. In addition, Congress sought to strengthen its oversight role in response to the Administration's actions by expanding notification and reporting requirements related to foreign assistance.

The Trump Administration's efforts to implement its agenda—often in the face of congressional opposition—often prompted broader reassessments of the relative roles and authorities of the executive and legislative branches in the formulation of U.S. foreign aid policy. As the 117th Congress considers foreign aid funding and related legislation, it may continue to evaluate the effects of the Trump Administration's foreign aid proposals and policy changes, to assess whether to modify authorities previously provided to the President, and to determine its priorities for the future of U.S. foreign aid policies.

SUMMARY

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Introduction

The Trump Administration sought to alter U.S. foreign aid through, among other actions, funding cuts, withholding of appropriated funds, and reallocations; agency reorganizations and consolidations; and numerous policy changes. The Administration's actions followed those of two prior Administrations that also pursued distinct foreign aid initiatives and reforms. The George W. Bush Administration, for instance, oversaw the establishment of a new foreign aid agency and a global HIV/AIDS assistance program,[1] and the Obama Administration launched global programs to address climate change, food insecurity, and global health.[2] The Trump Administration maintained some of its predecessors' foreign aid initiatives, while ending or substantially amending others. For example, the Trump Administration's U.S. Agency for International Development (USAID) *Transformation* initiative continued the Obama Administration's emphasis on the importance of local involvement in the design and implementation of development projects, and some aspects of the Trump Administration's Prosper Africa initiative built on prior Administrations' Africa policies. However, the Trump Administration also sought deep funding cuts and policy changes to foreign aid, including for programs and country-specific aid budgets that historically had garnered bipartisan support in Congress. For instance, the Trump Administration sought to cut HIV/AIDS programs administered by USAID, eliminate the U.S. Trade and Development Agency, halt aid to countries in Central America, and end most foreign aid related to climate change.

Congressional responses to the Trump Administration's actions varied. In many instances, Congress did not accept the Administration's proposals; however, in others, the Trump Administration was able to move forward, if sometimes only temporarily, through executive action. More broadly, the Administration's activities, which at times deviated from long-established norms, also raised broader questions about the role of Congress in U.S. foreign assistance and the extent to which Congress exercises its legislative and oversight authorities.

This report provides a brief overview of key trends, policies, and initiatives related to foreign assistance under the Trump Administration and discusses related congressional actions, as well as issues likely to carry forward into the 117th Congress.

Budget Proposals and Policies

Throughout its term, the Trump Administration proposed annual foreign assistance budgets that, if fully implemented, would have sharply cut overall funding for and broadly reshaped foreign assistance agencies and their respective programs. Although the Administration submitted many funding proposals to Congress for consideration, in other cases it used executive authority to influence the flow of aid funds. Significant changes proposed in Trump Administration budget proposals, and occasionally supported through executive action, included the following:

- **Budget cuts.** From its first year in office and annually thereafter, the Trump Administration proposed significant budget cuts to the foreign operations accounts (within the Department of State, Foreign Operations, and Related

[1] The Bush Administration launched the Millennium Challenge Corporation (MCC) and the President's Emergency Plan for AIDS Relief (PEPFAR). See CRS Report RL32427, *Millennium Challenge Corporation: Overview and Issues*, and CRS In Focus IF10797, *PEPFAR Stewardship and Oversight Act: Expiring Authorities*.

[2] See CRS Report R44727, *Major Foreign Aid Initiatives Under the Obama Administration: A Wrap-Up*.

Programs (SFOPS) appropriations bills) that fund most foreign assistance programs.[3] These proposed cuts ranged from a 32% reduction for FY2018 to a 22% reduction for FY2021, compared to prior year funding. The extent of proposed cuts, and targeted accounts and funding levels, varied over time.[4]

- **Rescissions and withholding.** The Trump Administration also sought to reduce foreign aid spending by rescinding or withholding previously appropriated funds. In May 2018, the President submitted to Congress a formal rescission package that, if enacted, would have affected $15.4 billion in funds, including $334 million in foreign aid funds.[5] One month later, the Administration submitted revisions to the package, withdrawing $252 million from the proposed foreign aid rescission.[6] The Administration reportedly considered two additional rescission packages in August 2018 and 2019, although no formal package was submitted to Congress.[7] In these particular instances, critics asserted that freezing aid so late in the fiscal year was an attempt to prevent appropriated funds from being obligated before their budget authority expired.
- **Discretionary Allocations**. Separate from rescissions, the Trump Administration also chose not to fund several programs and organizations, particularly multilateral entities, which typically receive annual funding.[8] For example, the United States withheld or suspended funding during the Trump Administration to the U.N. Human Rights Council, U.N. Office of the High Commissioner for Human Rights, U.N. Population Fund (UNFPA), U.N. Relief and Works Agency for Palestine Refugees in the Near East, and the World Health Organization (WHO). The circumstances of each funding action varied. In some instances, Congress gave the Administration discretion to allocate funds among organizations and the Administration chose to provide no funding for some traditional recipients.
- **Combined appropriations accounts.** The Trump Administration, citing efforts to streamline funding and more efficiently allocate resources, proposed to consolidate multiple foreign aid appropriations accounts into fewer

[3] For greater detail on each of the Trump Administration's foreign operations budget requests and related congressional action, see CRS Report R44890, *Department of State, Foreign Operations, and Related Programs: FY2018 Budget and Appropriations*; CRS Report R45168, *Department of State, Foreign Operations and Related Programs: FY2019 Budget and Appropriations*; CRS Report R45763, *Department of State, Foreign Operations, and Related Programs: FY2020 Budget and Appropriations*; and CRS Report R46367, *Department of State, Foreign Operations, and Related Programs: FY2021 Budget and Appropriations*.

[4] For example, for FY2018, the Administration proposed a 71% reduction in funding for environmental programs from FY2017 allocations. In FY2021, the proposed cut for those programs rose to 86%. Conversely, Global Health Programs funds for Tuberculosis would have been reduced by 26% in FY2018, but the proposed reduction in FY2021 was 11%.

[5] U.S. President (Trump), "Proposed Rescissions of Budgetary Resources," May 8, 2018.

[6] U.S. President (Trump), "Revisions to Proposed Rescissions of Budgetary Resources," June 5, 2018.

[7] Carol Morello and Karoun Demirjian, "Trump administration is considering pulling back $3 billion in foreign aid," *The Washington Post*, August 16, 2018; Letter from Michael P. Duffey, Associate Director for National Security Programs, The White House Office of Management and Budget, to John J. Sullivan, Deputy Secretary, U.S. Department of State and Bonnie Glick, Deputy Administrator, U.S. Agency for International Development, August 3, 2019;.Edward Wong, "U.S. Orders Freeze of Foreign Aid, Bypassing Congress," *The New York Times*, August 7, 2019; Jennifer Hansler and Manu Raju, "White House moving forward with plan to cancel foreign aid, teeing up fight with Congress," *CNN*, August 17, 2019.

[8] See CRS Report RL33608, *The United Nations Human Rights Council: Background and Policy Issues*, and CRS Report R46575, *U.S. Withdrawal from the World Health Organization: Process and Implications*.

multifunctional accounts.[9] In FY2018 and in each subsequent fiscal year thereafter, the Administration proposed a consolidated Economic Support and Development Fund (ESDF) account that would have combined most existing development aid accounts.[10] In FY2020 and FY2021, the Administration proposed the International Humanitarian Assistance (IHA) account, which would have combined humanitarian assistance and emergency food assistance accounts.[11] As noted below, Congress did not accept the Administration's proposals, instead appropriating funds in the traditional account structure each year.

- **Agency consolidation.** The Trump Administration's FY2018 budget proposed eliminating program funding for four foreign aid agencies, requesting funds only for the orderly closeout of each agency. Under the proposal, two small, regionally focused grant-making agencies—the U.S. African Development Foundation and the Inter-American Foundation—would have merged into USAID while two foreign assistance agencies that have trade policy functions—the Overseas Private Investment Corporation (OPIC) and the U.S. Trade and Development Agency (TDA)—would have been eliminated. The proposal was justified in the interest of fiscal responsibility and to focus resources on military and security investments. Subsequent budget requests replicated these proposals, with the exception of OPIC (see "U.S. International Development Finance Corporation (DFC)").

In addition, the White House reportedly led a classified review of foreign aid policy that proposed steering aid to "friends" of the United States, rather than to countries most in need. That review was reportedly kept from congressional oversight committees and ultimately never publicly released.[12] Other reports suggest that the review's recommended changes were implemented to some degree by the Millennium Challenge Corporation (MCC) and the U.S. International Development Finance Corporation (DFC), in situations where aid was leveraged to extract measures in support of U.S. policy priorities.[13]

[9] In the FY2021 request, the Administration stated that the consolidated ESDF would "streamlin[e] accounts and prioritiz[e] foreign assistance to better advance U.S. interests, target the challenges of a new era of great power competition, and support reliable strategic and diplomatic partners." Similarly, the Administration justified the IHA account as necessary "to optimize humanitarian assistance, prioritize funding, and use funding as effectively and efficiently as possible." Department of State, *Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs*, FY2021, February 2020, pp. 79-80.

[10] ESDF would have combined the Development Assistance (DA), Economic Support Fund (ESF), Assistance to Europe, Eurasia and Central Asia (AEECA), and the Democracy Fund (DF) accounts.

[11] IHA would have combined International Disaster Assistance (IDA), Food for Peace Act Title II Grants, Emergency Refugee and Migration Assistance (ERMA), and the majority of Migration and Refugee Assistance (MRA).

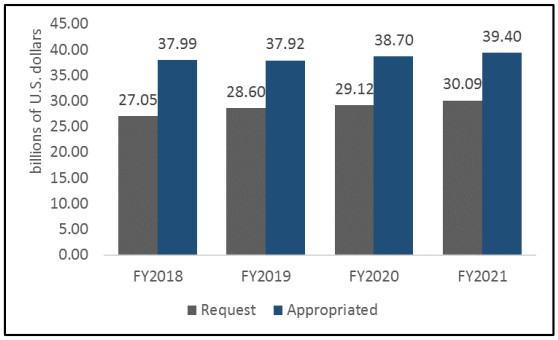
[12] Reports suggest the President first announced the review in his speech to the United Nations General Assembly: Remarks by President Trump to the 73rd Session of the United Nations General Assembly | New York, NY, September 25, 2018. Michael Igoe, "The next battle for USaid is about to begin," Devex, November 8, 2018.

[13] Sarah Rose, "The Trump Administration Politicizes MCC's Programs in Kosovo," *Center for Global Development*, March 16, 2020; Lara Jakes, Isabel Kershner, Aida Alami and David M. Halbfinger, "Morocco Joins List of Arab Nations to Begin Normalizing Relations With Israel," *New York Times*, December 10, 2020.

Congressional Response

Congress routinely rejected these aspects of the Trump Administration budget proposals, consistently appropriating funds at higher levels than requested (see **Figure 1**), continuing to fund all aid agencies, and maintaining the existing appropriations account structure. In some cases, the Administration resubmitted its proposals for cuts and consolidation after Congress had rejected them, though it made little attempt to advance fresh justifications for them. Budget justifications for FY2021, the last submitted by the Trump Administration, broadly reiterated the FY2018 rationale to "streamline the panoply of international affairs agencies" in the interest of fiscal responsibility and to focus resources on military and security investments.[14] The Administration provided little or no specific justification for significant cuts proposed for several accounts. These budget proposals became largely perfunctory statements of the Administration's policy preferences; they featured little in congressional budget testimonies, and the Administration arguably did not strongly advocate for them before Congress.

Figure 1. Foreign Assistance Funding, FY2018-FY2021



Source: Annual SFOPS Congressional Budget Justifications; P.L. 115-141; P.L. 116-6; P.L. 116-94; and P.L. 116-260.

Notes: The FY2020 and FY2021 appropriation levels do not include emergency funding to address COVID-19 (P.L. 116-123 and P.L. 116-136 in FY2020 and Title IX of P.L. 116-260 in FY2021).

The Trump Administration's efforts to control foreign aid funding through rescissions and withholding also received little support within Congress. Bipartisan and bicameral congressional pushback to foreign aid rescission proposals developed by the Administration in 2018 and 2019 prompted the Administration to abandon the rescission effort before transmitting the proposals to Congress. The Trump Administration's practice of withholding or freezing the disbursement of appropriated funds also became the subject of intense congressional scrutiny, leading in one case to an investigation that resulted in President Trump's 2019 impeachment by the House of Representatives (see the Ukraine case study in the **text box** below).

Congressional Oversight of Foreign Aid Funds: Ukraine Case Study

In summer 2019, the Trump Administration held up $391.5 million in security assistance for Ukraine without notifying Congress. The delay, which became a focal point in 2019-20 impeachment proceedings against President Trump, also raised legal questions about budget implementation, and highlighted differences between the Trump Administration and Congress with respect to both the appropriate uses of foreign aid and the executive's prerogatives in administering appropriated foreign aid funds.[15]

The Office of Management and Budget (OMB) and the Government Accountability Office (GAO) differed on the legality of the delay and did not resolve their dispute during the Trump Administration. OMB claimed that the delay was a "pause" in obligation to conduct a policy review of the funding. GAO considered it a "policy" delay that required notifying Congress, which has the power to direct spending.[16]

[14] Department of State, Congressional Budget Justification FY2019, p. 106.

[15] For more on Ukraine and the role of U.S. aid to Ukraine in the House of Representatives' 2019 impeachment inquiry, see CRS Report R45008, *Ukraine: Background, Conflict with Russia, and U.S. Policy*.

[16] U.S. Government Accountability Office, *Office of Management and Budget—Withholding of Ukraine Security Assistance*, B-331564, January 16, 2020.

While President Trump's 2019-20 impeachment focused on whether the Ukraine aid was withheld for personal political benefit to the President, the situation raised broader questions about the Trump Administration's transactional approach to foreign aid. Several Administration officials testified that the hold was to obtain policy commitments from the Ukrainian government, prompting some observers to assert that leveraging aid to extract U.S. policy priorities, as opposed to achieving security or development gains, was a departure from the general stated aim of foreign aid during past Administrations.[17] The Ukraine inquiry also raised questions about how widespread the practice of "pausing" aid funds without consulting or notifying Congress might be.

In response to concerns about the Administration's use of discretion in the Ukraine case, among others, Congress began to tighten allocation language and reporting requirements in subsequent appropriations legislation enacted during the Trump Administration. Various provisions were added or amended limiting Administration discretion with respect to both funding levels and disbursement timelines and substituting what were once informal norms of congressional-executive consultation for formal legislative requirements.

Selected Initiatives and Regional Priorities

The selected initiatives and actions below reflect some of the Administration's priorities that targeted specific agencies or regions. Many of these initiatives and actions saw considerable congressional engagement.

USAID Transformation

In 2018, under then-Administrator Mark Green's leadership, USAID launched its reform plan, *Transformation at USAID. Transformation* aimed to improve the agency's efficiency and effectiveness through structural, programmatic, and process reforms.[18] Administrator Green sought congressional input on many aspects of *Transformation*. For policy reforms, relevant congressional committees received informal briefings on the purpose of such reforms and progress on their implementation. The congressional role was most pronounced with regard to the structural aspects of USAID's *Transformation*; Administrator Green made clear that he would not move forward with any proposed structural changes without approval from all four congressional oversight committees.[19]

Policy Reforms

Transformation's policy reform agenda initially comprised various reform efforts, but the agenda narrowed to a subset of initiatives over time. Administrator Green's core vision of ending the need for foreign assistance became the organizing concept for many of the reforms USAID ultimately executed, with others—largely those requiring interagency input—shifting to other agencies as *Transformation* progressed.

Many of *Transformation's* high-profile policy reforms were distilled in an April 2019 update to the USAID Policy Framework. The update set an agenda to facilitate countries' transition away

[17] Acting Chief of Staff Mick Mulvaney noted in a briefing that President Trump was "not a big fan of foreign aid," for instance. Michael Shear and Katie Rogers, "Mulvaney Says, Then Denies, That Trump Held Back Ukraine Aid as Quid Pro Quo," *The New York Times*, October 17, 2019.

[18] For additional detail on USAID's Transformation proposal, see CRS Report R45779, *Transformation at the U.S. Agency for International Development (USAID)*.

[19] The congressional oversight committees include the House and Senate Appropriations Committees, the Senate Foreign Relations Committee, and the House Foreign Affairs Committee.

from foreign assistance by fostering self-reliance. USAID assessed countries' readiness for self-reliance with two factors, defined as follows:

- **Commitment:** the degree to which a country's laws, policies, actions, and informal governance mechanisms—such as cultures and norms—support progress toward self-reliance; and
- **Capacity:** how far a country has come in its ability to manage its own development "journey" across the dimensions of political, social, and economic development, including the ability to work across these sectors.[20]

USAID sought to organize its programs to prioritize improvement in these scores. Unlike the Obama Administration's policy framework, the 2019 framework did not set out particular sectoral priorities like global health or food security. It instead organized strategic planning to align with local circumstances—in particular, to build country capacities to advance self-reliance. The policies issued to support the 2019 framework—a new Private Sector Engagement Policy and an Acquisition and Assistance Strategy—also centered on agency processes, rather than specific sectors, and led to several reforms to enable more collaborative, flexible procurement processes intended for better building of country capacity.[21] By late 2020, most USAID country missions had issued country development cooperation strategies (CDCSs) integrating self-reliance into program planning.[22]

Several *Transformation* policy initiatives at USAID receded as other government units absorbed them. *Transformation* originally included efforts to improve programming in nonpermissive environments, to collaborate better with the Defense Department (DOD), and to overhaul the agency's approach to countering violent extremism. A 2018 joint State-USAID-DOD Stabilization Assistance Review addressed those issues, ultimately contributing to Congress passing the Global Fragility Act in 2019.[23] The Department of State issued a Global Fragility Strategy under that act in December 2020.[24]

Senior White House officials were reportedly dissatisfied with *Transformation* as an "incremental" initiative and sought instead a "disruption" of traditional aid approaches. The National Security Council pursued a broad foreign aid review purportedly seeking to go further than *Transformation*, reflecting a different view of foreign aid than that of former Administrator Green. Little has been publicly reported on that classified review since 2018.[25]

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[20] Leading up to release of the Policy Framework, the agency published a "Roadmap to Self-Reliance" portal, which quantified countries' performance on these two factors by aggregating 17 third-party-collected metrics into two scores to reflect a country's progress. These roadmaps are to be updated annually. USAID, "The Journey to Self-Reliance Metrics & Country Roadmaps," at https://selfreliance.usaid.gov/#tab-about, accessed 12/10/20.

[21] USAID, *Private Sector Engagement Policy*, April 1, 2019; USAID, *Acquisition and Assistance Strategy*, February 1, 2019. The agency executed resulting process reforms through an "Effective Procurement and Partnering Reform" project, implementing multiple recommendations to reform partnering in July 2019. USAID, "Effective Partnering and Procurement Reform (EPPR) Recommendations (Public Version)," updated July 19, 2020.

[22] USAID, "Country Development Cooperation Strategy Frequently Asked Questions," at https://www.usaid.gov/results-and-data/planning/country-strategies-cdcs/country-development-cooperation-strategy-frequently-asked-questions, accessed 12/10/20.

[23] State, USAID, and DOD, *Stabilization Assistance Review: A Framework for Maximizing the Effectiveness of U.S. Government Efforts To Stabilize Conflict-Affected Areas, 2018*. The Global Fragility Act was passed as Title V, Division J, of P.L. 116-94.

[24] Department of State, *United States Strategy to Prevent Conflict and Promote Stability*, December 2020.

[25] Igoe op. cit.

Structural Reforms

According to the Trump Administration, USAID's proposed restructuring was intended to better equip the agency to achieve the Administration's international development and humanitarian assistance goals. Proposed changes included, among others, "elevating" humanitarian assistance to a bureau, rather than keeping those functions at the office level; creating technical "centers" and "hubs" in Washington, DC, that could provide cohesive support to field offices; and consolidating previously decentralized management and policymaking functions.

In July and August 2018, USAID submitted to the appropriate congressional committees nine Congressional Notifications (CNs) detailing the proposed structural changes. Congress put each notification on "hold," signaling that committee members wanted to look into the proposed changes further. Since those initial holds, congressional committees have released their holds on seven of the CNs. USAID proceeded with implementing the changes; as of December 2020, USAID considered five bureaus operational, while proposed changes to the agency's front office and agency coordinators remain in process.[26]

Two of the proposals notified in 2018—those for the Bureau for Management and for the Bureau for Policy, Resources, and Performance—remained on hold at this writing. A separate Bureau for Management proposal was revised and resubmitted to Congress in October 2020. In addition, in August 2020, USAID notified Congress of a proposed restructuring of the Global Health Bureau intended to make programming more efficient and the bureau's structure and nomenclature more consistent with that of the agency's already reorganized bureaus.[27] Congress has not yet lifted holds on either the revised Bureau for Management or the new Global Health Bureau CNs.

U.S. International Development Finance Corporation (DFC)

The DFC emerged from a general congressional consensus that the United States should prioritize efforts to respond to China's growing economic influence in developing countries under its Belt and Road Initiative (BRI) and provide U.S. development efforts a stronger tool for private capital mobilization.[28] Congress authorized the establishment of the DFC under the Better Utilization of Investments Leading to Development Act (BUILD Act, Division F of P.L. 115-254), consolidating most development finance capabilities of the Overseas Private Investment Corporation (OPIC) and USAID under a new, larger entity with enhanced authorities.

[26] Holds were lifted for the Bureaus for Humanitarian Assistance; Resilience and Food Security; Conflict Prevention and Stabilization; Asia; and Development, Democracy, and Innovation. USAID now considers those bureaus operational. Congressional committees also lifted holds for the proposed changes to USAID's Office of the Administrator and Agency Coordinators, but changes have not been fully operationalized. According to USAID, "Operational status means the Agency's Chief Human Capital Officer (CHCO) has approved all the personnel reassignments and realignments." USAID, *Report to Congress (Issue #7) on the Status of the Reorganization of the U.S. Agency for International Development (USAID) June 2020*, September 30, 2020.

[27] While the Global Health Bureau had not been included in the original *Transformation* restructuring plan, Acting Administrator John Barsa cited challenges with the bureau's current structure that, if addressed, would "position programs, processes, workforce, and structure to carry out its core mission better; prepare for and respond to evolving epidemiologic and demographic challenges and health priorities, including COVID-19; advance national security; and support host-country partners on their Journeys to Self-Reliance." USAID, *Restructuring of the Bureau for Global Health*, CN #241, August 17, 2020.

[28] CRS In Focus IF11436, *U.S. International Development Finance Corporation (DFC)*.

Establishment of the DFC

The establishment of the DFC under the Trump Administration culminated long-standing debate and reform efforts surrounding development finance spanning the post-World War II era.[29] A group of OPIC skeptics, rejecting a role for the U.S. government in supporting private investment, long advanced efforts to terminate or privatize OPIC.[30] During the Obama Administration, however, some development experts sought to recast OPIC as a vital tool for development and U.S. commercial interests, and proposed elevating development finance to better compete with foreign counterparts.[31] Obama Administration officials echoed the call in 2016, casting development finance as a tool "whose time has come."[32]

The Trump Administration initially aligned with the skeptics. Asserting the importance of fiscal responsibility and taking a critical view of existing foreign aid policy, the Administration's first budget request, in June 2017 (for FY2018), proposed eliminating OPIC altogether.[33] As the Administration prepared a National Security Strategy in fall 2017 that emphasized a return to great power competition with China, it began to look at OPIC as a way to provide developing countries with a more sustainable alternative to China's state-directed, so-called "debt diplomacy" financing.[34] Subsequently, the Administration's FY2019 budget request endorsed an emerging bipartisan proposal for a more muscular and coordinated OPIC, in the form of a new DFC.

In 2018, Congress passed the Better Utilization of Investments Leading to Development Act of 2018 (BUILD Act, Division F of P.L. 115-254). The act merged OPIC with USAID's Development Credit Authority (DCA), authorized an expanded loan portfolio, and added several new authorities to OPIC's existing programs.[35] Out of concern that relocating DCA might weaken or eliminate a useful tool for development, Congress added several features to place DFC's development mission at the center of decisionmaking.

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[29] Policymakers disagreed over whether OPIC filled in gaps in private sector support for investment or operated as a form of "corporate welfare," and whether it advanced U.S. development, economic, and foreign policy objectives or was emblematic of a fragmented, inefficient foreign aid bureaucracy. See CRS In Focus IF10659, *Overseas Private Investment Corporation (OPIC)*.

[30] See, for example, H.R. 387 (105th Cong.) and H.R. 4980 (111th Cong.). Both proposals garnered some bipartisan support, though neither saw significant legislative action.

[31] See, for example, Benjamin Leo and Todd Moss, *Bringing US Development Finance into the 21st Century: Proposal for a Self-Sustaining, Full-Service USDFC*, Center for Global Development, March 2015.

[32] Elizabeth L. Littlefield, *Exit Memo: Overseas Private Investment Corporation*, January 4, 2017, p. 8.

[33] Department of State, *Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs, FY2018*, June 14, 2017, p. 390. See, for example, The Heritage Foundation, *Blueprint for Balance: A Federal Budget for 2017*, Mandate for Leadership Series, 2016, p. 111; Brett Schaefer and Bryan Riley, *Time to Privatize OPIC*, The Heritage Foundation, May 19, 2014.

[34] Executive Office of the President, National Security Strategy of the United States of America, December 2017, p. 25. See CRS Report R45461, *BUILD Act: Frequently Asked Questions About the New U.S. International Development Finance Corporation*.

[35] CRS In Focus IF11436, *U.S. International Development Finance Corporation (DFC)*.

Progress

After the BUILD Act's enactment, the Trump Administration took several steps to mobilize the DFC, including some required by Congress (see **Figure 2**). In 2019, the Administration submitted two mandatory reports to Congress:

- A *reorganization plan* that outlined multiple steps to mobilize the DFC, including the transfer of functions, personnel, and funds from OPIC and DCA. In addition, the plan noted that the Trump Administration deliberated about whether to, but ultimately did not, transfer certain other USAID functions to the new DFC.[36]
- A *coordination report* that planned institutional, programmatic, and budget links between the DFC and USAID. The report detailed how the DFC was creating new structures to tighten institutional linkages for interagency coordination, measure development impact, and support USAID overseas missions.

DFC launched operations in December 2019. In its first year, DFC widened its financing activities based on private sector demand for its services, while continuing to manage the portfolios it inherited from OPIC and DCA. At each quarterly meeting, the board approved major commitments for new investment projects. DFC new project commitments totaled $4.8 billion in FY2020—using both tools inherited from OPIC and DCA and new authorities to conduct technical assistance and make equity

Figure 2. Milestones in DFC Mobilization

Source: CRS, based on DFC reports, press releases, and other documents.

[36] The Administration determined to leave the USAID Enterprise Funds at USAID to ensure continuity of operations, and it delayed a decision on Sovereign Loan Guarantees over concern that they would swallow up much of DFC's new

investments.[37] Although approved deals initially centered on India, Kenya, and the Western Hemisphere, the agency took several steps to advance activities elsewhere. DFC announced new regionally based teams to Serbia, Israel, and across Africa, and DFC leadership participated in multiple U.S. delegations to partner countries, often pairing meetings with signing ceremonies for new investment agreements.[38] The DFC also advanced new cooperation frameworks with other donors. Such outreach often advanced other Administration initiatives, such as the Indo-Pacific Strategy, Prosper Africa, and W-GDP.[39]

The DFC continued to build out its organizational apparatus and policy frameworks. It launched new tools and strategies to maximize development impact and enable use of its new equity financing authority.[40] In addition, the DFC revisited some policies that it carried over from OPIC, such as updating its nuclear energy policy as part of its Environmental and Social Policy and Procedures, and determining that, unlike OPIC, the DFC is not subject to open meeting requirements.[41]

DFC's early months featured some controversy. An active advocacy community continued to monitor and comment on DFC activities and criticized several actions, including perceptions of inadequate commitment to transparency.[42] In addition, although DFC operates by statute under the foreign policy guidance of the Secretary of State, some observers raised concerns about a "transactional" foreign policy approach that steered investment commitments disproportionately toward countries of high foreign policy interest to the United States and to projects with limited development benefits.[43] The Trump Administration's delegation of authority to the DFC to use loan authorities under Title III of the Defense Production Act of 1950 (DPA) to support domestic COVID-19 responses also was contentious;[44] a potential deal with Eastman Kodak drew scrutiny from Congress and the Securities and Exchange Commission, and has not proceeded to date.[45]

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lending capacity if counted against the exposure cap. The Administration also left the USAID Office of Private Capital and Microenterprise at USAID, to serve as the principal USAID interface with the DFC. See Letter from Donald J. Trump, President of the United States, to Hon. Richard Shelby, Chairman, Committee of Appropriations, United States Senate, March 8, 2019, pp. 3-5.

[37] DFC, *Annual Management Report, Fiscal Year 2020*.

[38] DFC, "DFC and EXIM Sign LOIs with Serbia and Kosovo to Invest in The Peace Highway," press release, September 15, 2020; DFC, "U.S., Israel, UAE Announce Establishment of Abraham Fund Following Accords Commitment," press release, October 20, 2020; DFC, "DFC to Launch Regional Team Based in Africa," press release, July 14, 2020.

[39] DFC, "DFC Announces New Initiatives to Support Prosperity in the Indo-Pacific," press release, October 29, 2020.

[40] DFC, "DFC Announces New Global Development Strategy to Catalyze $75 Billion by 2025," October 15, 2020; DFC, "Impact Quotient (IQ)," https://www.dfc.gov/our-impact/impact-quotient-iq, accessed December 31, 2020; DFC, "Equity Investments," https://www.dfc.gov/what-we-offer-our-products/equity-investments, accessed December 31, 2020.

[41] DFC, "DFC Modernizes Nuclear Energy Policy," press release, July 23, 2020; "Sunshine Act Regulations," 85 *Federal Register* 20423, April 13, 2020.

[42] Ishita Petkar, "Opinion: DFC's public engagement and transparency policies fail communities," *Devex*, November 25, 2020.

[43] Adva Saldinger, "US DFC at 1: Ambition, investments, and mission drift?" *Devex*, December 22, 2020.

[44] 50 U.S.C. §§4501 et seq. CRS Insight IN11387, *COVID-19: Defense Production Act (DPA) Developments and Issues for Congress*, and CRS Report R43767, *The Defense Production Act of 1950: History, Authorities, and Considerations for Congress*, both by Michael H. Cecire and Heidi M. Peters.

[45] DFC, "DFC to Sign Letter of Interest for Investment in Kodak's Expansion into Pharmaceuticals," July 28, 2020; Adva Saldinger, "Kodak Investment 'Not a Done Deal,' Says US DFC Chief," *Devex*, August 6, 2020.

In addition to conducting oversight of the DFC, the 116th Congress enacted legislation to ease DFC's requirement to prioritize support in less-developed countries to support energy infrastructure projects in Europe and Eurasia.[46] Some Members encouraged the DFC to direct its attention to other regions, including the Pacific Islands and the Western Hemisphere.[47] The House and Senate separately expressed support for emphasizing development impact in investment decisions, and the House called for multiple reports on the DFC's investment pipeline and investment fund structure.

Women's Global Development and Prosperity Initiative (W-GDP)

In February 2019, President Trump launched the Women's Global Development and Prosperity (W-GDP) initiative, which aims to take a government-wide approach to women's economic empowerment through a combination of U.S. programs and private-public partnerships.[48] W-GDP focuses on three key pillars:

- **"women prospering in the workforce"** through workforce development, vocational education, and skills training;
- **"women succeeding as entrepreneurs"** by increasing access to capital, markets, networks, and mentorship; and
- **"women enabled in the economy"** by eliminating legal and societal barriers that prevent women from fully participating in the economy.[49]

The United States and Women's Economic Empowerment

W-GDP can be seen as part of long-standing U.S. efforts to address the economic and development roles of women. In 1973, Congress enacted the "Percy Amendment" to the Foreign Assistance Act of 1961 (P.L. 87-195, as amended), which requires U.S. foreign assistance funds to be administered to programs, projects, and activities that integrate women into the national economies of developing countries. More recently, Congress passed the Women's Entrepreneurship and Economic Empowerment Act of 2018 (P.L. 115-428), which, among other things, requires USAID to ensure that gender equality and female empowerment considerations are integrated into its strategies, projects, and activities.

W-GDP activities span 10 U.S. government entities, with the Department of State serving as the lead agency under the direction of the White House.[50] The initiative works to build on and expand existing Administration efforts to address women's economic empowerment, including the

[46] European Energy Security and Diversification Act of 2019, Division P, Title XX of P.L. 116-94.

[47] The Senate Appropriations Committee encouraged DFC to engage the Western Hemisphere (Senate Appropriations Committee, Explanatory Statement for Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2021, p. 80). The House Appropriations Committee encouraged investment in the Pacific Islands (H.Rept. 116-444, p. 90).

[48] Two presidential memoranda established and supported the initiative: "Memorandum on Promoting Women's Global Development and Prosperity," February 7, 2019, and "Memorandum on Addressing Legal and Societal Barriers to Women's Global Development and Prosperity," December 23, 2019. The President's daughter and senior advisor, Ivanka Trump, played a central role in launching the initiative and continued to advocate for its advancement during the Administration's tenure.

[49] White House, "W-GDP Annual Report 2019-2020," February 2020. Pillar 3 is supported by President Trump's aforementioned December 2019 presidential memorandum, which directs federal agencies to develop plans to address the legal and societal barriers to women's economic empowerment. See White House, "W-GPD, Pillar 3 Action Plans," August 2020.

[50] To support these activities, the Department of State established a "W-GDP Unit" within the Office of Global Women's Issues. Other participating agencies include the Departments of Treasury, Labor, and Commerce; USAID; the Millennium Challenge Corporation; Peace Corps; U.S. African Development Foundation; Inter-American Foundation; and the U.S. International Development Finance Corporation.

Women Entrepreneurs Finance Initiative (We-Fi) and USAID's WomenConnect.[51] It also supports other related activities, including the USAID-administered W-GDP Fund, which funds partnerships among the private sector, local organizations, and governments.[52]

Both Congress and the Trump Administration have directed funding to W-GDP activities; it is unclear what amounts are new or part of existing U.S. efforts to address women's economic empowerment. In the FY2021 SFOPS Appropriations Act, Congress specified that up to $200 million may be made available for the W-GDP Fund, which doubled the enacted FY2020 amount of $100 million.[53] Administration officials have cited a range of W-GDP funding levels; for example, the 2019-2020 W-GDP annual report states $300 million was allocated to the W-GDP Fund from FY2018 through FY2020.[54] In August 2020, Administration officials announced $122 million in funding for "W-GDP Fund progress and partnerships."[55]

The congressional response to W-GDP has been generally positive. Advocates maintain that it has brought high-level U.S. government focus and resources to important issues affecting women worldwide.[56] Reflecting this view, in addition to appropriating up to $300 million to the W-GDP Fund, some Members have introduced bipartisan bills in the House and Senate that would codify parts of W-GDP.[57] At the same time, some policymakers and observers emphasize that, while women's economic empowerment is an important issue, it should not be "siloed" but rather integrated with efforts to promote the overall well-being of women, including access to education and health care.[58] More broadly, some maintain that any positive impacts of W-GDP are undermined by the Trump Administration's cuts to other foreign assistance activities, which many argue may negatively affect the health of women and girls.[59]

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[51] The United States led in the establishment of We-Fi in 2018 in partnership with the World Bank and other governments and organizations. The initiative, which as of August 2020 had raised nearly $300 million, works to improve access to financial products and services, build capacity, expand networks, and provide opportunities for women to engage with markets. USAID's WomenConnect, established in 2018, administers grants to address barriers limiting women's access to technology.

[52] Other W-GDP activities include the "2X Africa Initiative," a $1 billion commitment by the Overseas Private Investment Corporation to invest in women in Africa; the Department of State's "W-GDP International Visitors Leadership Program," a global exchange to discuss barriers to women's economic empowerment; and the "W-GDP Index" to measure women's legal and economic freedom. See "W-GDP Annual Report 2019-2020."

[53] See Section 7059 of Division G of the Further Consolidated Appropriations Act, 2020 (P.L. 116-94), and Section 7059 of Division K of the Consolidated Appropriations Act, 2021 (P.L. 116-260). President Trump's FY2021 budget proposal requested $200 million for the W-GDP Fund.

[54] "W-GDP Annual Report 2019-2020." It is unclear how W-GDP received funding in FY2018 unless the Administration retroactively applied funding for related activities from previous years to the W-GDP Fund. (W-GDP and the W-GDP Fund were established in February 2019, while U.S. FY2018 was from October 1, 2017, to September 30, 2018.)

[55] USAID Fact Sheet, "W-GDP Fund Announces $122 Million in Progress and Partnerships," August 2020.

[56] See, for instance, Adva Saldinger, "What has Trump's flagship women's initiative achieved so far?" *Devex.com*, March 20, 2020; Michelle Bekkering, "Investments in women are investments in US national security," *The Hill*, August 14, 2020; and "Editorial: A Year of Successes for W-GDP," *Voice of America*, March 6, 2020.

[57] See H.R. 6117 (116th Congress), Women's Global Development and Prosperity Act of 2020 (referred to the House Committee on Foreign Affairs); and S. 3301 (116th Congress), Women's Global Empowerment, Development and Prosperity Act of 2020 (referred to the Committee on Foreign Relations).

[58] Saldinger, "What has Trump's flagship women's initiative achieved so far?" op cit., and Josh Rogin, "Inside Ivanka Trump's failed attempt to have Congress secure her legacy," *Washington Post*, December 2, 2020.

[59] Ibid., and "W-GDP marks year 1 with efforts to set down roots," *Devex.com*, February 13, 2020. Examples include the Administration's decision to withhold funding from UNFPA and WHO, as well as its 2017 expansion of the Mexico City policy, which it renamed the "Protecting Life in Global Health Assistance (PLGHA)" policy. The policy, first established in 1984, has traditionally restricted U.S. family planning assistance to foreign nongovernmental

The Trump Administration made an effort to codify W-GDP in its final months, but Congress ultimately did not support the effort, reportedly due to the above-mentioned concerns as well as longstanding disagreements over the inclusion of abortion restrictions in W-GDP authorizing language.[60] Looking ahead, the future of the initiative in its current form is uncertain, as W-GDP was largely Administration-driven and has not been authorized in legislation.

Regional Initiatives and Developments

Prosper Africa[61]

Prosper Africa, an interagency Trump Administration initiative, was formally launched in mid-2019. It was designed to spur U.S. and African market-led economic growth by substantially increasing two-way U.S.-African trade and investment ties and fostering business environment reforms in Africa. The initiative, which is ongoing, also aims to tap U.S. competitive advantages and African market demand for U.S. products and services in order to advance U.S. commercial interests in Africa, while strengthening overall U.S.-African ties. The initiative also supports African access to U.S. markets and investment opportunities in the United States, though such activity has been limited to date. Another Prosper Africa goal is to demonstrate the economic prosperity-driving power of transparent markets and business activity, in contrast to the economic engagement approaches of U.S. competitors in Africa—notably those of China and its often state-backed finance and commercial activity in Africa, as well as Russian activity in the region.[62]

Prosper Africa activity centers on facilitating private sector and public-private commercial projects by linking parties to transactions with the trade and investment assistance resources and economic development capacities of 17 U.S. agencies and departments.[63] Prosper Africa is not, however, a new U.S. foreign aid program. Rather, participating agencies use their existing program funding and authorities to pursue initiative activities—although USAID, which plays a lead role in coordinating Prosper Africa, has received dedicated initiative implementation funding

organizations (NGOs) engaged in voluntary abortion activities, even if such activities are conducted with non-U.S. funds. The Trump Administration expanded the policy to include not only family planning and reproductive health assistance, but also all global health assistance. For more information, see CRS In Focus IF11013, *Protecting Life in Global Health Assistance Policy*, and CRS Report R41360, *Abortion and Family Planning-Related Provisions in U.S. Foreign Assistance Law and Policy*.

[60] For additional perspectives, see "Women's Global Development and Prosperity Initiative One Year On," *International Center for Research on Women*, April 2020. For information on recurring debates over abortion restrictions, see CRS Report R41360, *Abortion and Family Planning-Related Provisions in U.S. Foreign Assistance Law and Policy*. Also see Rachel Oswald "Congress ditches State Department bill after fight with Ivanka Trump," *The Hill*, December 23, 2020.

[61] For more on Prosper Africa, see CRS In Focus IF11384, *The Trump Administration's Prosper Africa Initiative*.

[62] Trump Administration officials described Chinese and Russian activities in Africa as predatory and corrupt. See, for instance, White House, *National Security Strategy of the United States of America*, December 2017, and "Remarks by National Security Advisor Ambassador John R. Bolton on the The [sic] Trump Administration's New Africa Strategy," December 13, 2018. In his remarks, Bolton announced the development of Prosper Africa and set out its key aims.

[63] Key agency resources at issue include financing and investment planning and risk reduction tools. The initiative also harnesses similar resources from other private and foreign or multilateral public actors. Participating U.S. agencies include USAID, the DFC, the Export-Import Bank, the Trade and Development Agency, the Small Business Administration, the Office of the U.S. Trade Representative, the Millennium Challenge Corporation, the U.S. African Development Foundation, and the departments of Agriculture, Commerce, Defense, Energy, Homeland Security, Labor, State, Transportation, and the Treasury.

and plans further initiative support activity.[64] Prosper Africa also seeks to improve collaboration between participating agencies and better integrate their efforts.

Key Prosper Africa tools include U.S. embassy-based "deal teams" in Africa, which monitor investment and trade opportunities and seek to turn them into successful transactions, and are backed by a U.S.-based, USAID-led initiative secretariat. Prosper Africa's approach builds on past U.S. interagency efforts. Its transactions facilitation and deal teams, for instance, were pioneered under Power Africa, an ongoing, USAID-led interagency electricity expansion initiative in Africa launched by the Obama Administration. Prosper Africa also leverages USAID's preexisting trade and investment hubs in Africa, which traditionally have fostered duty-free African exports to the United States and intraregional trade, but now also support two-way U.S.-Africa trade and investment expansion.

As of early January 2021, according to the initiative's website, Prosper Africa had helped bring to a financial close more than 280 sectorally diverse deals in more than 30 countries worth an aggregate $22 billion.[65] For Members of Congress who support its key objectives—including market-driven growth and efforts to counter Chinese economic sway in Africa—sustaining the initiative beyond the Trump Administration may be a priority. Supporters may nevertheless seek to better understand how the initiative has operated in practice—including with regard to strategy, implementation planning, and metrics—as they weigh how, if at all, to further fund and support execution of the initiative under the new Administration.

Indo-Pacific Strategy and Foreign Assistance

The Trump Administration's Indo-Pacific Strategy (IPS), introduced in 2017, aimed to ensure that the Indo-Pacific region remains free, open, and secure; to strengthen the international rules-based system; to protect the sovereignty of Indo-Pacific nations; and to counter Chinese influence.[66] Congress and the Department of State implemented this policy through increasing funding for a wide range of foreign aid programs in Asia. Congressional foreign aid initiatives also supported IPS objectives in the Indo-Pacific, which includes the East Asia and Pacific (EAP) and portions of the South and Central Asia (SCA) foreign assistance regions.[67]

Some analysts view the IPS as a continuation of some trends started under the Obama Administration's "Pivot" or "Rebalance" toward Asia policy. The Rebalance and IPS both aimed to increase U.S. engagement in Asia—including through development and military assistance—

[64] USAID Prosper Africa activity was funded with $50 million in FY2019 and in FY2020, and the Administration requested $75 million for FY2021. In passing the Consolidated Appropriations Act, 2021 (H.R. 133, signed into law by the President on December 27, 2020), Congress did not allocate a specific amount for Prosper Africa activities; rather, it requested that the Administration submit a spending plan to Congress for any Prosper Africa activities funded under the act. In 2021, USAID plans call for the roll-out of a five-year Prosper Africa Trade and Investment Program worth up to $500 million, to be funded with FY2021 appropriations, potential funds from USAID overseas missions and bureaus participating in the initiative, and possible future funding. USAID response to CRS inquiry, November 13, 2020, among other sources.

[65] A key Prosper Africa metric is the attainment of financial closure—that is, the arrangement of financing and related due diligence activity necessary to enable project viability—for initiative-supported projects.

[66] Department of State, *A Free and Open Indo-Pacific: Advancing a Shared Vision*, November 4, 2019. See also Department of State, *Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, FY2021*.

[67] The Indo-Pacific Strategy generally encompasses the East Asia and Pacific and South Asia regions, with the exceptions of Afghanistan and Pakistan. The Department of State's Bureau of South and Central Asian Affairs and USAID's Bureau for Asia encompass some geographical areas and programs, such as in Central Asia, that are not part of the Indo-Pacific Strategy, although they may have similar or related objectives.

and to strengthen the U.S. position in the region relative to China. The Rebalance, however, included cooperation with China in selected areas. The IPS, by comparison, explicitly countered China and largely excluded it from U.S. engagement. Compared to the Rebalance, the IPS also placed greater attention on areas beyond East Asia, including India and the Pacific Islands, and Congress appropriated greater increases in foreign assistance overall.[68]

USAID administered programs that supported the Trump Administration's and Congress's new Asia-related foreign aid initiatives, which sought to advance U.S. security and economic priorities as outlined in the Administration's National Security Strategy,[69] Indo-Pacific Vision, Central Asia Strategy, and South Asia Strategy.[70] USAID aimed to support these objectives in three main areas: "creating open and transparent markets to unlock private enterprise-led growth; advancing citizen-responsive governance that adheres to a rules-based order; and building a resilient network of security partners capable of addressing shared threats."[71]

While the Trump Administration dramatically increased its foreign assistance budget requests for Asia over time, from $693.1 million in FY2018 to a requested $716.5 million in FY2019 and $1.32 billion in FY2020, these proposed funding levels, if enacted, would have resulted in significant budget cuts to the region compared to funding enacted by Congress.[72] The FY2021 budget request for Asia totaled $1.59 billion, including $938.2 million for EAP and $657.5 million for SCA, and was the largest aid request for Asia made by the Trump Administration, yet was 4% less than the $1.66 billion allocated to the region in FY2020.

Congressional support for aid to Asia was strong during the Trump Administration, though the extent to which this reflected to the IPS was not always clear. Development Assistance account funding for Asia increased by 39.8% and 86.5% for EAP and SCA, respectively, between FY2017 and FY2020. Allocations for Department of State Global Health Programs increased by 39.7% and 34.9% for EAP and SCA, respectively, during the same period.[73] Between FY2017 and FY2020, military assistance increased by 8% for EAP and 100% for SCA.[74]

In mid-2018, Secretary of State Mike Pompeo announced $113 million in technology, energy, and infrastructure initiatives for Asia in part to counter Chinese investment. Later that year, he

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[68] Derek Grossman, "Biden Administration Could Benefit from Keeping an Indo-Pacific Focus," RAND, November 20, 2020; The White House, Office of the Press Secretary, fact sheet, "Advancing the Rebalance to Asia and the Pacific," November 16, 2015.

[69] *National Security Strategy of the United States of America*, The White House, December 2017.

[70] USAID, "Statement of Gloria Steele, Acting Assistant Administrator, Bureau for Asia, before the Senate Subcommittee on East Asia, the Pacific, and International Cybersecurity Policy," October 16, 2019; USAID, "Asia," at https://www.usaid.gov/where-we-work/asia.

[71] USAID, "USAID's Role in Advancing the U.S. Vision for a Free and Open Indo-Pacific," at https://www.usaid.gov/indo-pacific-vision.

[72] Department of State, Congressional Budget Justifications for Foreign Operations, FY2018-FY2020 (excluding foreign aid funding for Afghanistan and Pakistan). Congress appropriated $1.64 billion in FY2019 and an estimated $1.66 billion in FY2020 for Asia (EAP and SCA, excluding foreign aid funding for Afghanistan and Pakistan and food aid funding). Appropriations for Asia in FY2017 and FY2018 were $1.43 billion and $1.52 billion, respectively. Department of State, Congressional Budget Justifications for Foreign Operations, FY2019-FY2021, and other Department of State foreign operations budget documents.

[73] Congressional budget justifications for foreign operations, FY2019-FY2021 and other Department of State foreign operations budget documents (excluding foreign aid funding for Afghanistan and Pakistan and food aid funding).

[74] Ibid. Military assistance refers to Foreign Military Financing and International Military Education and Training. By comparison, between FY2014 and FY2017, military assistance increased by 21.0% for EAP and decreased by 24.1% for SCA. Department of State, *Congressional Budget Justification, Foreign Assistance, Summary Tables, Fiscal Year 2016*.

pledged $300 million in security assistance to the region.[75] In 2019, the Trump Administration proposed a new Pacific Islands Regional foreign assistance program as part of the IPS, for which Congress appropriated $21 million and $25 million in FY2019 and FY2020, respectively.

The Trump Administration noted Congress's support for IPS objectives in an Indo-Pacific strategy paper, including Congress's passage of the BUILD Act and other initiatives.[76] The Asia Reassurance Initiative Act of 2018 (ARIA, P.L. 115-409) authorized $1.5 billion annually for five years (FY2019-FY2023) for the Indo-Pacific region for military, democracy, cybersecurity, and other programs.[77] The Consolidated Appropriations Acts of FY2020 and FY2021 provided $2.54 billion and $1.48 billion, respectively, for implementation of the IPS and ARIA, and $300 million for each fiscal year in development and security assistance as part of a "Countering Chinese Influence Fund."[78]

U.S. Strategy for Engagement in Central America[79]

In 2014, the Obama Administration launched a new U.S. Strategy for Engagement in Central America. With congressional support, annual foreign aid allocations more than doubled to Central America between FY2014 and FY2016 in an effort to improve security, governance, and socioeconomic conditions in the region, and ultimately reduce the flow of migrants and asylum-seekers to the United States. The Trump Administration updated the strategy in August 2017, as required by the Consolidated Appropriations Act, 2017 (P.L. 115-31, §7045(a)(1)), asserting that it intended to place "a stronger emphasis on the drivers of transnational criminal activity and illegal immigration," as well as "generate opportunities for U.S. investment and exports."[80] Nevertheless, the Trump Administration maintained the strategic objectives and sub-objectives devised by the Obama Administration and initially made few changes to the on-the-ground implementation of the initiative.

The Trump Administration repeatedly sought to scale back funding for the Central America strategy. It proposed year-on-year assistance cuts for the region, ranging from 16% to 33%, in each of its annual budget requests. Congress chose not to adopt many of the proposed cuts, but annual funding for the Central America strategy declined from $750 million in FY2017 to approximately $506 million in FY2021 (a nearly 33% drop over four years).

The Trump Administration also suspended most assistance to El Salvador, Guatemala, and Honduras (the "Northern Triangle" of Central America) in March 2019 due to the continued northward flow of migrants and asylum-seekers from the region. It reprogrammed approximately $396 million that Congress had appropriated for those countries in FY2018, reallocating the funds to other foreign policy priorities.[81] The Administration withheld much of the remaining assistance

[75] Michael R. Pompeo, Secretary of State, "America's Indo-Pacific Economic Vision," July 30, 2018; Department of State, Office of the Spokesperson, "Fact Sheet: U.S. Security Cooperation in the Indo-Pacific Region," August 4, 2018.

[76] Department of State, *A Free and Open Indo-Pacific: Advancing a Shared Vision*, November 4, 2019.

[77] CRS In Focus IF11148, *The Asia Reassurance Initiative Act (ARIA) of 2018*.

[78] Explanatory statement to P.L. 116-94, the Further Consolidated Appropriations Act, FY2020 (Division G); Explanatory statement to (P.L. 116-260), the Further Consolidated Appropriations Act, FY2021 (Division K).

[79] For more information, see CRS In Focus IF10371, *U.S. Strategy for Engagement in Central America: An Overview*, and CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*.

[80] U.S. Department of State, *Report to Update the United States Strategy for Engagement in Central America*, August 8, 2017.

[81] U.S. Department of State, *Progress Report to Congress on the Plan for Monitoring and Evaluation of Assistance in Support of the United States Strategy for Engagement in Central America*, October 8, 2020.

for more than a year as it negotiated a series of border security and asylum agreements with Northern Triangle governments. It ultimately released the suspended funding between late 2019 and the middle of 2020, after U.S. agencies had closed down a variety of aid projects and canceled some planned activities.

Some Members of Congress argued that the Trump Administration's aid suspension was "counterproductive" and sought to exert greater control over U.S. policy toward Central America.[82] Although Congress continued to provide the Administration with some flexibility to withhold and reprogram aid for the Northern Triangle, it modified language in annual appropriations measures to specify funding allocations and restrict the Administration's authority to deviate from those allocations.[83] Congress also enacted the United States-Northern Triangle Enhanced Engagement Act as part of the Consolidated Appropriations Act, 2021 (P.L. 116-260, Division FF, Title F). The act directed the State Department, in coordination with other agencies, to develop a five-year strategy to support inclusive economic growth, combat corruption, strengthen democratic institutions, and improve security conditions in the Northern Triangle. It also identified priorities for U.S. policy, as well as objectives to incorporate into annual benchmarks for measuring progress.

COVID-19 and Foreign Aid[84]

While not an Administration-driven priority, the Coronavirus Disease 2019 (COVID-19) pandemic affected nearly every aspect of federal policy—including foreign aid—in the last year of the Trump Administration. Since its emergence, the disease has caused millions of fatalities worldwide, a global public health emergency, and a global recession.[85] In response, the Trump Administration and Congress sought to support global pandemic responses, with a focus on developing countries. In March 2020, Congress enacted two supplemental appropriations measures that included a combined $1.59 billion for foreign assistance programs to "prevent, prepare for, and respond to" COVID-19.[86] Implementing agencies have used these and other previously appropriated funds, to address immediate public health concerns, as well as secondary effects on local economies, food security, and education systems, among others. As of September 2020 (latest reported level available), the United States has committed more than $1.6 billion in COVID-19-specific funds to the response abroad.

The global COVID-19 response is likely to remain a key foreign aid issue in the 117th Congress. The final FY2021 omnibus appropriation (P.L. 116-260, enacted on December 27, 2020) included $4.7 billion in foreign aid funds to bolster the U.S. global response, designating funds in particular for vaccine procurement and distribution.

Looking Ahead

The Trump Administration sought to change U.S. foreign aid policy, including through funding cuts, holds, and reallocations; agency reorganization and consolidation; and other policy changes. While some initiatives built upon the work of previous administrations, others contradicted and, in some instances, sought to dismantle existing programs and structures. Many of the

[82] Letter from Eliot L. Engel, Chairman, and Michael T. McCaul, Ranking Member, House Committee on Foreign Affairs, to Honorable Mike Pompeo, Secretary of State, April 4, 2019.

[83] For more information, see "Central America Funding Directives" in CRS Report R46514, *U.S. Foreign Assistance to Latin America and the Caribbean: FY2021 Appropriations*.

[84] Sara Tharakan, Analyst in Global Health and International Development contributed to this paragraph. For more on COVID-19 and foreign assistance, see CRS In Focus IF11496, *COVID-19 and Foreign Assistance: Issues for Congress*; CRS In Focus IF11606, *COVID-19 and Foreign Assistance: Congressional Oversight Framework and Current Activities*; and CRS In Focus IF11421, *COVID-19: Global Implications and Responses*.

[85] See, for example, World Health Organization, *Weekly Epidemiological Update*, Emergency Situational Updates, January 3, 2021.

[86] P.L. 116-123; P.L. 116-136. The funds provided for a range of activities, including global health interventions, humanitarian assistance, economic development programs, and operating expenses, among others.

Administration's priorities ultimately were not realized, while the results of others remain unclear. Beyond programmatic outcomes, the Administration's efforts to implement its agenda—often in the face of congressional opposition—often prompted broader reassessments of the relative roles and authorities of the executive and legislative branches in the formulation of U.S. foreign assistance policy. As the 117th Congress considers foreign aid funding and related legislation, it may continue to evaluate the effects of the Trump Administration's foreign aid proposals and policy changes, assess what may endure in the next Administration, and determine its future foreign aid priorities.

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