



JANUARY 2025

FOREIGN ASSISTANCE DELIVERS



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WHAT IS U.S. FOREIGN ASSISTANCE?

U.S. foreign assistance drives transformative change across the globe, helping communities forge their own paths out of extreme poverty while strengthening democratic institutions and building sustainable economies. The impact is both immediate and lasting: children gain access to education, families receive life-saving medical care, communities secure clean water, and millions find paths out of hunger. By advancing human rights and fostering economic growth, this small investment creates ripple effects that enhance stability and prosperity both abroad and at home. All of this for [less than one percent](#) of the overall federal budget.

Administered by the U.S. Agency for International Development (USAID), Department of State, and Department of Agriculture, among other federal agencies, and implemented by non-governmental organizations (NGOs), international organizations, and private businesses alike, foreign assistance programs in over 100 countries are integral to fostering peace, prosperity, and stability and advancing core American values and economic and security interests—all values reflected in successive [National Security Strategies](#) across [bipartisan administrations](#).

HOW IS FOREIGN ASSISTANCE A REFLECTION OF U.S. VALUES?

Democratic governance, respect for human rights, and compassion are core values of the American people. Through foreign assistance, America brings these values to life on the global stage, championing the fundamental belief that every person deserves freedom and access to life's basic necessities. Our support helps build societies where human rights flourish, education opens doors of opportunity, and shared values take root and grow.

“*I believe that spending less than two-tenths of one percent of our federal budget to save millions of lives is the moral, the practical, and in the national security interests of the United States.*”
- Former President George W. Bush

Through strategic investments in development and democracy programs, the United States advances a powerful vision—a world where prosperity knows no borders. By responding to famine, conflict, or environmental disasters, the United States has for decades led global efforts to help communities back on their feet and saved millions of lives. These gestures of goodwill do not go unnoticed. Rather, they serve as a tool to build allies and respect for American values throughout the world.

The American people have invested billions of their own dollars—more than matching the amount of U.S. foreign assistance—to global causes through U.S. and local faith-based organizations, businesses, universities, and civil society groups, often in partnership with USAID and other government agencies. American values inspire action for the betterment of humanity—and these values inspire and drive others. When the U.S. leads, others follow.

“*If we stand together as united as we have been in crises around the world, we can turn the tide against the erosion of humanitarian principles. We can better protect civilians, and take care of our own.*”
- Former USAID Administrator Gayle Smith

WHY IS FOREIGN ASSISTANCE IN THE STRATEGIC INTEREST OF THE UNITED STATES?

To ensure all Americans can live a safe, healthy, and prosperous life, engaging constructively around the world is not only a moral imperative, but also a strategic one. Effective and sustainable foreign assistance supports these basic yet critical American interests.

In an interconnected world, what happens elsewhere will have an impact on the American people—from conflict to disease to economic instability. Nothing occurs in a vacuum, as evidenced by the supply chain shocks that occurred because of the COVID-19 pandemic and war in Ukraine.

Investments in foreign assistance are a check against these potentially destabilizing forces and against other malign actors seeking to grow their influence globally. Allocating resources to programs that reduce poverty and promote resilience, strengthen health and education systems, protect the environment and increase climate adaptation, and provide lifesaving assistance to people in conflict areas will help secure a prosperous future for U.S. partners and all Americans.

We also know that countries that are committed to and have the capacity to lead their own development will partner with the United States in new and mutually beneficial ways as they advance on their [journey to self-reliance](#). [Thirty-six countries](#) that once relied on World Bank International Development Association (IDA) support no longer do so, and several have become IDA donors, including Chile, India, South Korea, and Turkiye. Current recipients of U.S. foreign assistance are stepping up their own international efforts, with [Kenya](#) contributing to the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

America stands at a critical juncture. Competitors around the world sit at the ready, primed to bolster their own strategic positions while undermining the United States and the work we've done to make the world a safer, more prosperous place with less disease and poverty. Our interests demand that we act for the safety and prosperity of all people and ensure that the U.S. is the preferred partner to achieve development and humanitarian goals. And while these basic interests have held true for almost 250 years, the nature of the challenges we face demand more nuanced and complex responses.

“*For helping people who have been pushed to the margins of our world is not mere charity, it is a matter of collective security.*”
- Former President Barack Obama

“*We have to care about what takes place in Asia, in Africa, because if we don't—if we're not engaged, if we're not building capacity in these countries—sadly, the challenges will come to us.*”
- Former USAID Administrator Mark Green

DOES FOREIGN ASSISTANCE HAVE AN IMPACT? IS FOREIGN ASSISTANCE EFFECTIVE?

Foreign assistance has yielded massive benefits for recipients. Despite recent setbacks and substantial global population growth, there are over [one billion fewer](#) people experiencing extreme poverty today than in 1990. The global child mortality rate is at an [all-time low](#), having declined by 51% since 2000. Even as global progress in

eliminating extreme poverty has stalled, [fewer people have slipped into extreme poverty](#) than have been [forcibly displaced](#) or confronted [humanitarian crises](#), demonstrating that foreign assistance remains effective.

Rising needs do not reflect ineffective assistance, but rather an evolving global landscape that requires more innovative and impactful investments of limited dollars.

The [World Bank projects](#) that by 2030, nearly 60% of the world's extreme poor will live in countries affected by conflict and fragility—underscoring both the challenges that remain and the progress that has been made in countries where diplomacy and able governance have supported robust development.

Foreign assistance's impacts invite us to think critically about what has worked well in the past, where we are making headway today, and where we can make a bigger difference tomorrow. Specific impacts of foreign assistance include:

- Global health programs have saved millions of lives, including [25 million](#) through PEPFAR and nearly [12 million](#) through the President's Malaria Initiative.
- Global community health programming yields a greater than [10:1 return](#) on investment.
- The World Food Program plans to feed over [140 million](#) people in need of food assistance in 2024.
- Since 2013, [200 million](#) Africans have gained access to electricity through Power Africa, a U.S. government-led partnership.
- [70 million](#) people gained access to sustainable drinking water and 54.8 million people have gained access to sustainable sanitation services since 2008.
- A new malaria vaccine has been developed with support from U.S. foreign assistance, and has been delivered to [6.2 million](#) children to date.

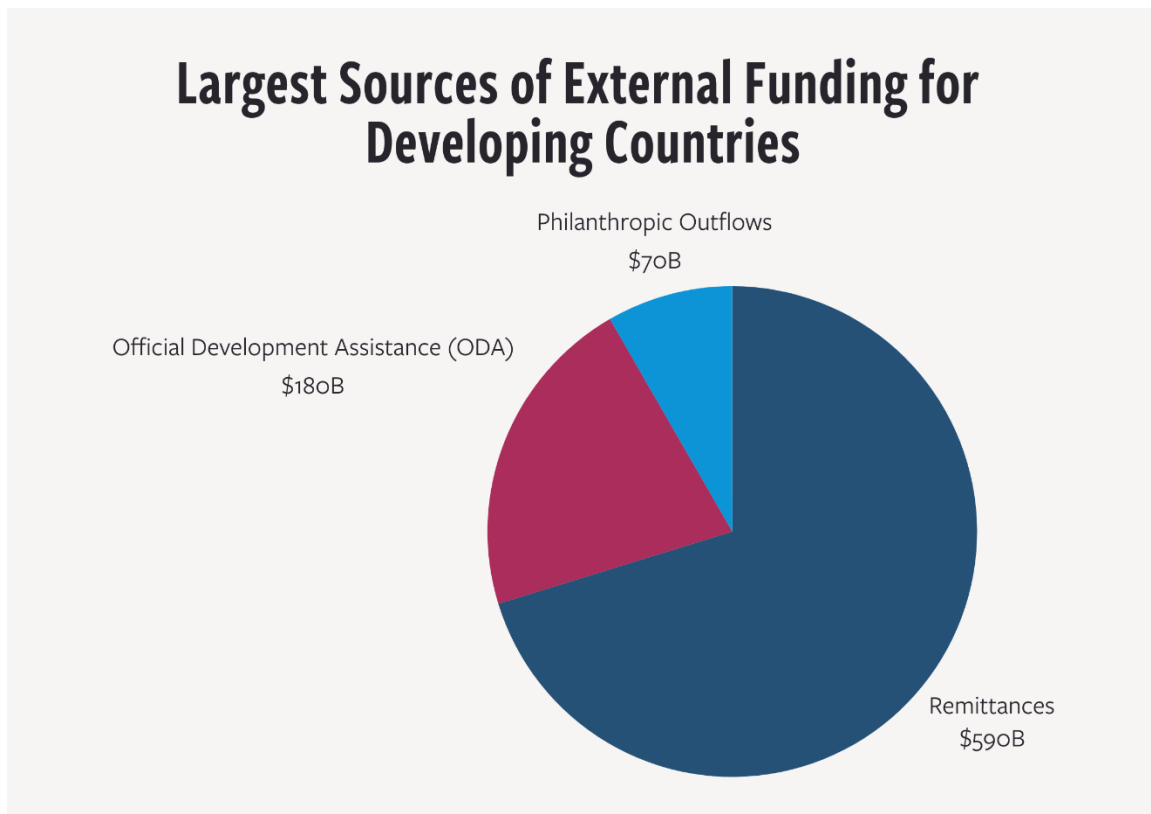
Through innovation, technology, and a commitment to impact, we can continually improve our response to the challenges and shocks faced by communities around the world. The U.S. and its partners must continue to support effective and efficient foreign assistance and work collaboratively to deliver more with the generous resources provided by the American people.

“*I for one—just speaking for myself—think the diplomatic portion of the federal budget is very important and you get results a lot cheaper, frequently, than you do on the defense side.*”
- Senator Mitch McConnell

“*Foreign assistance is just 1% of our budget, but it pays large dividends... We must make these investments not just because it is the right thing to do, but also because it helps contribute to economic growth, and just as importantly, stability.*”
- Former Senator Ben Cardin

WHO PROVIDES FOREIGN ASSISTANCE?

While the United States government is the single largest contributor of foreign assistance, its investments are matched by partner governments and surpassed by the private philanthropy¹ of the American people and cross-border remittances². In fact, while the U.S. contributes approximately 20% of Official Development Assistance (ODA)³ globally, its citizens contribute 70% of cross-border private philanthropy globally, according to the [2023 Global Philanthropy Tracker](#). Overall, the largest sources of external funding for developing countries were:



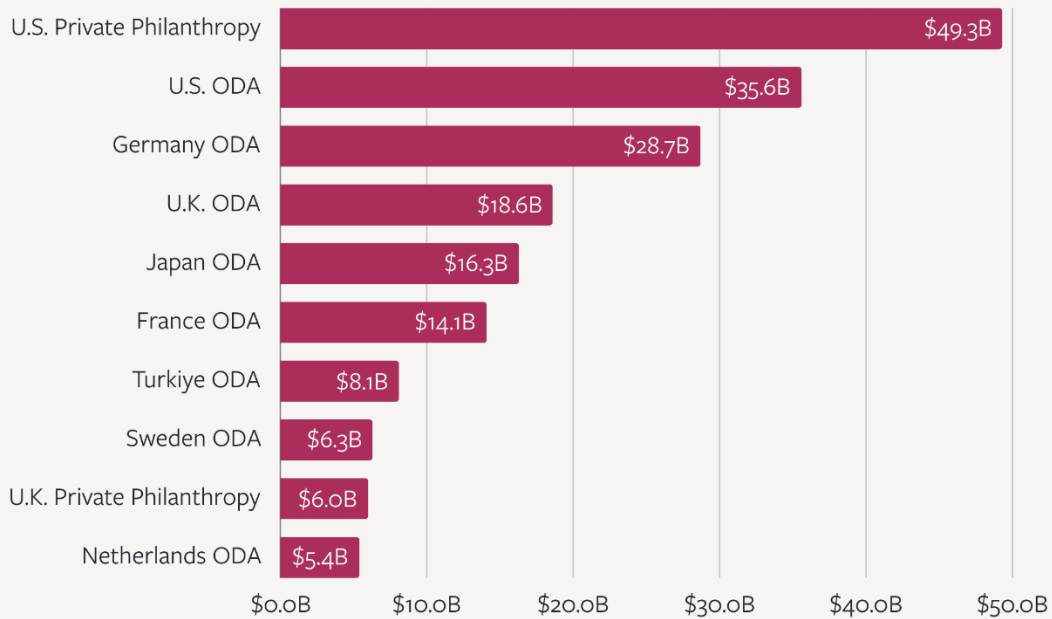
¹ Private foreign assistance that is funded through charitable financial contributions of individuals, foundations, and corporations.

² Contributions, financial or in-kind, that migrants send back to their families or communities in their home country.

³ ODA is government aid that promotes and specifically targets the economic development and welfare of developing countries. Countries that participate in the Organization for Economic Cooperation and Development (OECD) submit data that is then compiled into a comparable format across those countries. This creates a methodology that may not perfectly match the preferred methodologies of participating governments, including the U.S., but do offer a more reliable comparison point between different donor governments.

The largest sources of cross-border private philanthropy and ODA were:

Largest Sources of Cross-Border Private Philanthropy and Official Development Assistance (ODA)



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“Across 60 years, USAID has been a remarkable force for progress in the world. We have helped nations eradicate smallpox, turn the tide against HIV, Malaria, and Tuberculosis, and snuff out Ebola. We’ve helped billions—billions—escape fates of near-feudal poverty and deprivation, and helped transform societies from conditions of scarcity to abundance. We’ve responded to more than 2,900 disasters. And we’ve backed democratic transitions or supported elections in nearly 90 countries since the end of the Cold War alone, among many, many other accomplishments. It’s a phenomenal legacy, beyond what anyone might have imagined 60 years ago.”

– Former USAID Administrator Samantha Power

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FOREIGN ASSISTANCE IN THE 119TH CONGRESS

INTERNATIONAL DEVELOPMENT

International development programs work to improve the quality of life and economic conditions of populations through programs such as public health campaigns, economic initiatives, and poverty reduction. By centering locally-led community-based solutions in programming, the U.S. and its partner organizations can reach effective, lasting results that better address the root causes of poverty, forced displacement, and conflict. By establishing resilient and democratic communities, international development can advance global security and prosperity and build mutually beneficial relationships with people around the world.

Key Development Priorities

- In 2022, 712 million people, or 9% of the global population, lived in poverty.
- In 2023, **one in 11 people in the world** was undernourished or suffered from chronic hunger.
- More than **one in five emerging markets and developing countries** paid more to service their debt in 2022 than they received in external financing. This could rise to more than one in three by 2025.

HUMANITARIAN ACTION

Humanitarian responses assist people affected by climate disasters, armed conflict, or other human-made crises. The humanitarian imperative guides humanitarian NGOs to save lives and reduce human suffering wherever it happens. They operate in accordance with the humanitarian principles of humanity, neutrality, impartiality, and independence, which safeguard the integrity of their purpose to save lives, while furthering the safety and security of aid workers and affected populations.

Global Crises

- In 2025, **over 300 million people** will need humanitarian assistance. Driven primarily by armed conflicts, climate emergencies, and economic disasters, the U.N. and its partner organizations are seeking to center local solutions for assistance programming.
- In 2023, **117 million** people were **forcibly displaced**. There has been a year-on-year increase of the forcibly displaced population for the last 12 years, with the total rate at 1.5% of the global population.
- In 2023, **282 million** people faced high levels of **acute food insecurity**. This represents an increase of 24 million people over the previous year.

FUNDAMENTALS OF U.S. FOREIGN ASSISTANCE

Poverty-focused development and humanitarian assistance is integral to American engagement in the world and remains a strategic, economic, and moral imperative that is fundamental to U.S. foreign policy and national security. U.S. global development and humanitarian assistance should adhere to the following fundamentals:

- Assistance must be human-centered and effective in accomplishing its long-term goal of ending poverty, hunger, disease, injustice, corruption, and conflict. It is most effective when it is not instrumentalized or used to leverage short-term political, foreign-policy, or military objectives.
- The goal of foreign assistance is to build sustainability and capacity for the eventual transition away from assistance (i.e. “The Journey to Self-Reliance”).
- Foreign assistance should be transparent, data-driven, accountable, and outcome-oriented. It should be evidence-based, cultivate learning, and use best practices.
- Foreign assistance should support locally-led development and humanitarian response to better address community needs and achieve impactful and effective results.
- As an investment in U.S. global leadership, foreign assistance funding should be robust, dependable, and timely. Funding levels should be commensurate with global needs, based on locally determined priorities, and reactive to changes on the ground. Once the U.S. commits assistance, it should be delivered.

Localization

USAID is working to empower local actors and communities to lead development assistance and humanitarian assistance programs. In many instances, local actors are the frontline or earliest responders to crisis and have the greatest understanding of the challenges they face. Local leadership has been proven to increase the equity, sustainability, and effectiveness of programming. Additionally, local organizations often deliver aid in a more cost-efficient manner compared to international counterparts.

Building on work across successive, bipartisan administrations, USAID has placed several benchmarks to measure the success of this policy, pledging that the agency will provide at least a quarter of program funding directly to local partners by the end of FY2025 and that half of their programming will place local communities in the lead by FY2030. However, there is still work to be done to meet these targets, with only 9.6% of funding having been allocated toward local partners in FY2023. Metrics assessing good practices across agency programming have also been established to advance the localization initiative, such as expanding the use of local languages, increasing the flexibility of awards, and increasing outreach overall.

InterAction and its Members are ready to work with a new Congress and new Administration to more effectively move foreign assistance dollars to local partners, closer to where programs are being implemented. Our coalition has important insights about the impediments to localization, including areas where specific U.S. government policies tip the scales in the favor of multilateral agencies, large contractors, or international NGOs as prime implementers over local actors.

FOREIGN ASSISTANCE REFORM

As the world and America's engagement in it continues to evolve, foreign assistance must keep pace with its complexities. U.S. foreign assistance successfully met the challenges of the past—from helping Eastern Europe transition to democracies and free markets to bringing the global AIDS crisis under control through PEPFAR. To meet today's challenges, the U.S. could unleash greater capabilities in support of partner countries and local communities—in line with U.S. interests—through thoughtful foreign assistance reform.

InterAction's unique history, membership, and experience on this issue can play a helpful role in shaping reform so that it meets the needs of the U.S. and its partners. America can get more value for its generosity while not leaving a void to be filled by malign actors. Congress and the Administration can reform budget and appropriations processes, foreign assistance programming and operations, and empower localization and coordination to improve the effectiveness and reach of American taxpayer dollars. In addition, InterAction is deeply engaged in the U.N. system and can work to influence meaningful reforms there.

PRIMARY U.S. FOREIGN ASSISTANCE AGENCIES

U.S. government agencies play a critical role in U.S. foreign assistance, reflecting the multifaceted impact and investment of U.S. international humanitarian and development programs. Guided by the strategic direction of the U.S. Agency for International Development and Department of State, each agency contributes expertise to the spectrum of international development and humanitarian programs to ensure U.S. foreign assistance is timely and efficient.

U.S. foreign assistance works across many agencies—from the Centers for Disease Control and Prevention to the Department of Defense and the Department of Agriculture—to implement America's goals and address the full spectrum of development and humanitarian needs.

U.S. Agency for International Development (USAID)

Founded in 1961, the U.S. Agency for International Development is the United States' primary international development and humanitarian agency. It coordinates assistance and development partnerships across foreign governments, international bodies, non-governmental organizations, and local communities. USAID's primary mission is to promote democratic values and pursue a free, peaceful, and prosperous world in support of American foreign policy objectives. By helping people in humanitarian crises through targeted disaster assistance, the agency aims to put partners on a path toward self-reliance.

U.S. Department of State (DoS)

The Office of Foreign Assistance within the Department of State supervises strategy and foreign assistance programs administered by DoS and USAID. Created in 2006 and administered by the Secretary of State, the Office of Foreign Assistance has authority over the majority of U.S. foreign assistance and coordinates across relevant government entities to deliver economic, humanitarian, and security assistance.

Millennium Challenge Corporation (MCC)

The Millennium Challenge Corporation is a bilateral U.S. foreign assistance agency separate from DoS and USAID which provides partner countries grants to support stability and prosperity in accordance with U.S. foreign policy objectives. These grants to well-governed countries in key areas support institutional reforms in policy, infrastructure, and the economy to provide a cost-effective return on American investment. The MCC features a competitive selection process and requires transparent, country-led implementation of its programming.

U.S. International Development Finance Corporation (DFC)

Created in 2018, the Development Finance Corporation is a U.S. government agency which partners with private entities to support international development in emerging markets through financial investment initiatives. By providing services such as debt financing for small businesses and political risk insurance for those affected by shocks, the DFC can both increase development investment while helping American businesses operate in developing markets.

U.S. Department of Agriculture (USDA)

The Department of Agriculture administers several foreign agricultural programs, focused on improving agricultural productivity, expanding agricultural trade, improving child nutrition and school enrollment, and building community resilience. It also partners with USAID to supply emergency food responses and address the root causes of food insecurity and malnutrition.

U.S. Department of the Treasury

The Department of the Treasury engages in international development by working with other federal agencies, foreign governments, and international financial institutions to promote global economic growth, anticipate and mitigate international financial crises, and ensure that economic assistance reforms are resilient and lasting. Treasury also spearheads the U.S. government's engagement with multilateral economic institutions such as the International Monetary Fund, World Bank, and regional development banks to promote U.S. development interests.

U.S. Department of Health and Human Services (DHHS)

The Department of Health and Human Services implements health initiatives in conjunction with international assistance programs. Most notably, the CDC (which falls within DHHS) is a major implementer and partner of global health security and PEPFAR, as well as being engaged in global disease control, rapid outbreak response, and health research activities.

WHO IS AT THE TABLE GLOBALLY?

Local Country Governments

As mentioned earlier, country ownership is the full and effective participation of a country's population through government and civil society in development processes. The most effective and direct ways to access targeted populations and sustain development gains are to work effectively with local governments. This often involves efforts to promote democracy, rights, and governance programs to create stronger, more responsive, and

accountable partner governments. By empowering and supporting governments to plan, finance, and implement solutions to solve their own development challenges, NGOs, partnering agencies, and other actors help countries lead their own development journeys.

Local Civil Society

Civil society organizations (CSOs) are the third sector of society, alongside government and business. They comprise community groups, the press, NGOs, labor unions, indigenous groups, faith-based organizations, professional associations, and organizations that work in citizens' interests. CSOs play a vital role in promoting rights-based approaches, shaping development policies and partnerships, overseeing their implementation, and operating as a valuable check for government and business through partnership and engagement. Local civil society can play a particularly important role in conflict or crisis settings where local country governments may be a belligerent actor or to hold such governments to account in matters of democracy, rights, and good governance.

Donor Countries

The U.S. is not the only country that invests in international development programs. In 2022, the Organization for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC)—a group of 31 countries who coordinate policy toward sustainable development initiatives—contributed a total of **\$178.9 billion** in official development assistance to developing countries. While the United States is the largest single donor country, contributing over \$35 billion to that total, other major contributors within the DAC include Germany, the United Kingdom, Japan, and France. Outside the DAC, China and Russia are key players in international development. Both countries focus on increasing commercial access and market expansion in recipient countries.

International Financial Institutions

International Financial Institutions (IFIs) work with partner countries through loans and the provision of grants and technical assistance, helping to maximize the impact and value of each dollar invested. The largest of the international financial institutions, the World Bank, provides loans, grants, and knowledge to developing countries with the goal of promoting long-term, sustainable economic growth.

The institution is divided in two parts: the International Bank for Reconstruction and Development (IBRD), which handles middle-income countries, and the International Development Association (IDA), which assists the poorest countries. Regional development banks such as the African, Asian, European, and Islamic Development Bank provide more targeted financial and technical assistance to their respective regions in the pursuit of development goals.

The Private Sector

Engagement with the international private sector is a primary complement to other sources of development assistance. Private sector entities are key implementers of assistance activities across the world. These include contractors, consultants, universities, and organizations which directly implement a government or international organization's assistance programs. Private sector actors proactively seek opportunities to drive growth and profitability while delivering impact in the communities and countries where they operate.

The Development Finance Corporation is a major avenue for the U.S. government to partner with the private sector to finance solutions to the most critical challenges facing the developing world today. They invest across sectors

including energy, healthcare, critical infrastructure, and technology and support and promote U.S. private sector engagement in development.

Private Foundations

Private foundations also play a vital role in international development programs as key funders for program implementation and international advocacy. Private foundations play an increasingly prominent role in the scale of their giving, enhancing their ability to set the agenda for international development. Examples of some of the largest U.S. private foundations working to support development include The Bill & Melinda Gates Foundation, Open Society Foundations, Ford Foundation, William and Flora Hewlett Foundation, and United Nations Foundation, among others.

U.S.-based International NGOs

U.S.-based international NGOs play a critical role in implementing development and humanitarian programs, shaping international development policy, and fostering goodwill for the American people worldwide.

United Nations Agencies

United Nations (U.N.) agencies are the operational arm of the U.N. to coordinate humanitarian relief and development efforts. The primary agencies include the U.N. Development Program (UNDP), U.N. High Commissioner for Refugees (UNHCR), U.N. Children’s Fund (UNICEF), World Food Program (WFP), World Health Organization (WHO), and U.N. Population Fund (UNFPA). Together, these agencies coordinate operational activities that heal the sick, feed the hungry, and help those in need.

HOW IS U.S. FOREIGN ASSISTANCE FUNDED?

Legislative Authority

The authority for funding foreign assistance comes from the Foreign Assistance Act of 1961, which “promote[s] the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.” The Foreign Assistance Act has been amended multiple times since its initial passage but never fully reauthorized.

U.S. Government Budget Overview

The government goes through the budget process annually to determine discretionary spending levels. The latest spending levels show that the State, Foreign Operations, and Related Programs (SFOPs) Bill, which funds most humanitarian and development accounts, represents approximately one percent of the federal budget.

How U.S. Funding Is Delivered to Programs

Guided by directives from Congress, government agencies set policy and implement programs. Most of these agencies make contracts and provide grants to deliver funding to people and communities on the ground through implementing partners, such as NGOs in the InterAction community.

Key Foreign Assistance Accounts

International Development

The primary development accounts are **Development Assistance**, managed by USAID, and the **Economic Support Fund**, which is largely managed by USAID as well as the State Department. These accounts fund programs in food security and agricultural development; democracy and governance; climate and environmental programs; water and sanitation; and basic and higher education worldwide.

Humanitarian Assistance

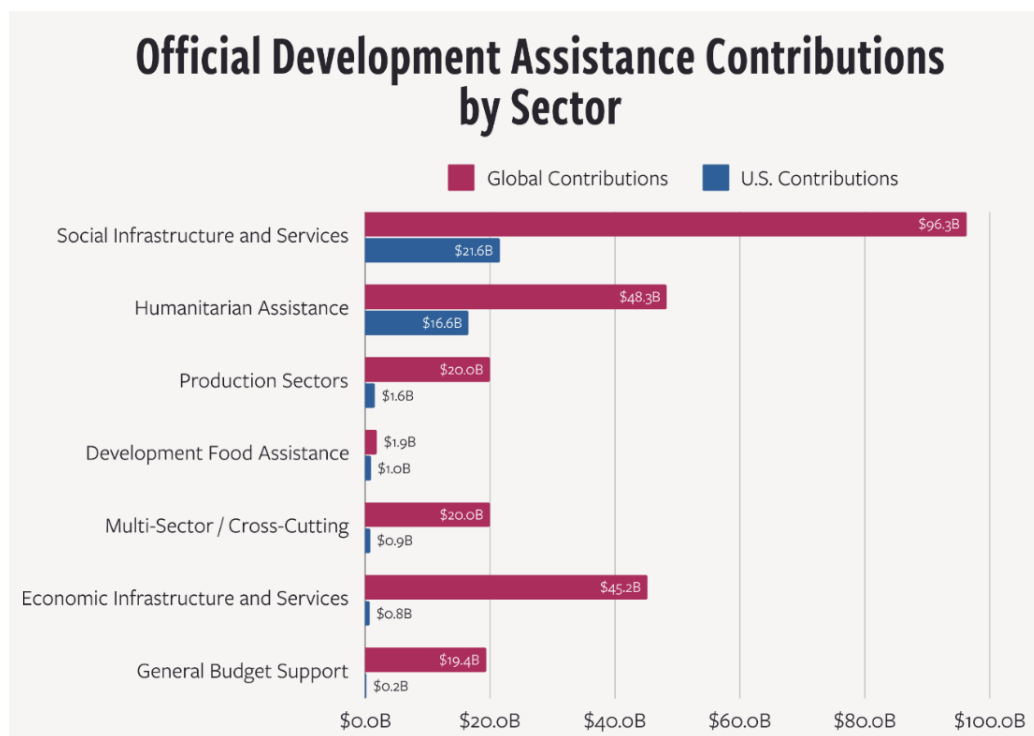
The U.S. government provides humanitarian assistance primarily through three accounts: **International Disaster Assistance**, which goes to USAID; **Migration and Refugee Assistance**, which goes to the State Department; and **Title II Food for Peace**, which goes to the Department of Agriculture and is largely managed by USAID.

Global Health

The U.S. provides global health funding through the **Global Health Programs** account for maternal and child health, nutrition, family planning, vaccines, global health security, and prevention and treatment for HIV, malaria, and tuberculosis. These funds are largely managed by USAID, with the State Department managing funds for the President's Emergency Plan for AIDS Relief (PEPFAR). Additional global health security funding is provided through the Labor / HHS appropriations bill, which is provided through the CDC.

WHERE DOES THE FUNDING GO?

U.S. investments in foreign assistance are the largest single contributor of Official Development Assistance (ODA) **tracked** by the OECD. These funds are disbursed through a wide array of modalities and sectors, not comprehensive of private sector investments and philanthropy.⁴



⁴ While the U.S. **tracks its own foreign assistance**, in order to provide a global picture, we will be using the OECD numbers which highly correlate with USG numbers, but due to differing methodologies, do not perfectly align.

INTERACTION AREAS OF WORK

InterAction’s broad membership engages in several key issue areas, crisis response contexts, and sectors of development and humanitarian work. A primary means of doing so is through a number of Working Groups. If you wish to hear from one of these working groups, please reach out to [Tom Buttry](#).

Thematic Working Groups	Crisis Response Working Groups
Budget and Appropriations	Afghanistan
Children and Youth	Caribbean / Haiti
Climate Advocacy	Democratic Republic of Congo
Food Security, Nutrition, and Agriculture	Horn of Africa / Ethiopia and Somalia
Forced Displacement	Latin America / Venezuela
Gender-Based Violence	Myanmar / Bangladesh
Water, Sanitation, and Hygiene	Sudan / South Sudan
	Syria Regional Response / Lebanon
	West and Central Sahel
	West Bank / Gaza
	Yemen