

Foreign Assistance: Agencies Allocated \$8.4 Billion Congressionally Directed Funds to Advance U.S. Goals in the Indo-Pacific Region

GAO-24-106371

Q&A Report to Congressional Requesters

January 18, 2024

Why This Matters

The Indo-Pacific region is home to more than 50 percent of the global population, nearly two-thirds of the world's economy, and seven of the world's largest militaries. The U.S. has long recognized the Indo-Pacific region as vital to its security and prosperity. In support of overall U.S. activities intended to strengthen its long-term position in the Indo-Pacific region, the U.S. Congress has appropriated funding over the past five years for efforts in most countries in the region.

In December of 2018, with economic and military tensions between the U. S. and the People's Republic of China ("China") rising, North Korea rapidly testing ballistic missiles, and jihadist activity increasing in the Indo-Pacific region, Congress passed and President Trump signed into law the Asia Reassurance Initiative Act (ARIA).¹ ARIA's stated purpose was to advance U.S. policy interests and American influence in the Indo-Pacific region as well as to promote a free and open Indo-Pacific region. ARIA and the U.S. Indo-Pacific Strategy (IPS) drive the security, economic, and democratic activities the U.S. undertakes in the Indo-Pacific region.

We were asked to provide information on the funding for the implementation of ARIA. This report provides information on the amount of ARIA/IPS directed funds the Department of State (State) and the United States Agency for International Development (USAID) allocated for the implementation of ARIA, including a description of activities and corresponding countries, for fiscal year (FY) 2019 through FY 2023.²

Key Takeaways

- State and USAID allocated approximately \$8.4 billion in ARIA/IPS directed funds to support ARIA and IPS related efforts for Indo-Pacific region from FY 2019 through FY 2023. ARIA/IPS directed funds were mostly allocated to support health, economic growth, and peace and security activities across the region.
- From FY 2019 through FY 2022, State and USAID allocated \$6.6 billion. Activities associated with Bangladesh, the Philippines, and Vietnam received the most funding in the Indo-Pacific region for FY 2019 through FY 2022. State and USAID estimated allocating an additional \$1.8 billion of ARIA/IPS directed funds in FY 2023, with efforts for Bangladesh, the Philippines, and Vietnam once again receiving the most funding in the Indo-Pacific region.

Which locations make up the Indo-Pacific region?

The Indo-Pacific region encompasses larger populated countries such as Indonesia, Bangladesh, and Japan as well as Small Island Developing States such as Fiji, Marshall Islands, and Vanuatu. The Indo-Pacific region also includes the U.S. territories of American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.³ See figure 1 for a map of Indo-Pacific region.

Figure 1: Map of Indo-Pacific Region



Sources: GAO based on Department of State documentation; Map Resources (map). | GAO-24-106371

What are ARIA's core principles?

ARIA states that it is U.S. policy to develop and commit to a long-term strategic vision and a comprehensive, multifaceted, and principled U.S. policy for the Indo-Pacific region that encompasses numerous principles. Three core principles essential to ARIA are:

- Promote **U.S. security interests** by working with allies and partners to confront common challenges in the Indo-Pacific region.
- Promote **U.S. economic interests** in the Indo-Pacific region through, for example, trade agreements that will create jobs and grow the U.S. economy.
- Promote **U.S. democratic values** to include human rights and good governance in the Indo-Pacific region.

ARIA authorized funding is part of a larger body of financial and nonfinancial (diplomatic) support that the U.S. is providing to the Indo-Pacific region. According to State officials, ARIA's principles are aligned with the U.S. IPS that also drives the security, economic, and democratic activities the U.S. undertakes in the Indo-Pacific region. The 2022 U.S. IPS (the latest) has a stated intention of advancing a free and open Indo-Pacific, building connections within and beyond the region, driving regional prosperity, bolstering security, and building regional resilience to transnational threats.⁴ Through these U.S. IPS objectives, the U.S. emphasizes its commitment to the Indo-Pacific region that it has long recognized as vital to its security and prosperity.

ARIA authorized funding from FY 2019 through FY 2023 to State, USAID and, as appropriate, the Department of Defense (DOD), but did not appropriate funds. At the time that Congress passed ARIA, no funds were appropriated for the implementation of the Act. After passing ARIA, the annual Department of State, Foreign Operations, and Related Programs Appropriations Acts for FY 2019

through FY 2023 provided overall levels of appropriated funds congressionally directed to State and USAID (but not to DOD) to support the implementation of ARIA and/or for IPS.

According to State officials, given that ARIA and IPS are deeply intertwined, ARIA and IPS are accounted for together in State/Office of Foreign Assistance budget allocations. No ARIA program unit, ARIA account, or ARIA fund is in State's or USAID's accounting systems. ARIA and IPS encompass a wide array of funding. As such, it would be functionally impossible to separate ARIA funding from IPS funding, according to the officials.

What amounts of ARIA/IPS directed funds have State and USAID allocated to efforts for countries in the Indo-Pacific region from FY 2019 through FY 2023?

Together, State and USAID allocated \$6.6 billion of the ARIA/IPS directed funds from FY 2019 through FY 2022 to efforts in countries in the Indo-Pacific region. State and USAID allocated ARIA/IPS directed funding to activities associated with 24 countries and six regional operating units in the Indo-Pacific region.⁵ About \$2.3 billion (35 percent) of the combined total allocations went to efforts for three countries:

- **Bangladesh** efforts received \$826 million (13 percent)
- **Philippines** efforts received \$784 million to (12 percent)
- **Vietnam** efforts received \$698 million (11 percent)

Unlike the amounts State and USAID provided for FY 2019 through FY 2022, State and USAID were only able to provide estimates for the funding allocated in FY 2023. For FY 2023, State and USAID estimate that they have allocated a combined additional \$1.8 billion ARIA/IPS directed funding. The funding went to activities associated with the same 24 countries and the same six regional operating units as in previous fiscal years, but also included funds to activities associated with Taiwan.⁶ The top three countries associated with efforts that received ARIA/IPS directed funding in FY 2023 were again Vietnam, Bangladesh, and the Philippines. The FY 2023 estimated allocations are as follows:

- **Vietnam** efforts received \$206 million (11 percent)
- **Bangladesh** efforts received \$203 million (11 percent)
- **Philippines** efforts received \$170 million (9 percent)

Furthermore, an estimated allocation of \$68.5 million of the FY 2023 ARIA/IPS directed funding is to support the Association of Southeast Asian Nations and the Countering People's Republic of China Influence Fund.⁷

Figure 2 shows the Indo-Pacific region locations associated with activities that were allocated ARIA/IPS directed funding in FY2019 through FY 2023. For more funding information on ARIA/IPS directed funding by location and regional operating units from FY 2019 through FY 2023, see appendix I.

Figure 2: Indo-Pacific Region Locations for which Asia Reassurance Initiative Act/Indo-Pacific Strategy Directed Funds Were Allocated, Fiscal Years 2019–2023



Legend: Asia Reassurance Initiative Act/Indo-Pacific Strategy = ARIA/IPS.

Sources: GAO based on Department of State documentation; Map Resources (map). | GAO-24-106371

How are decisions made about how to allocate ARIA/IPS directed funds?

According to State officials, decisions on how to allocate the ARIA/IPS directed funding for FY 2019 through FY 2023 followed State’s standard multistep allocations process, involving multiple actors from State, USAID, the Office of Management and Budget (OMB), and Congress.⁸ According to officials, key steps in State’s process for deciding allocations of foreign assistance such as ARIA/IPS directed funding include:

- **Pre-appropriation notional allocation analysis.** State and USAID develop notional allocation estimates before the upcoming fiscal year’s annual appropriations act is passed.
- **Allocation analysis and development.** After the act is passed, State and USAID review their allocation estimates within the requirements and directives in the act and adjust their spreadsheet containing allocation estimates as necessary—taking into consideration policy direction from State and USAID leadership.
- **Allocation negotiations, review, and agreement.** State and USAID take steps to ensure that input from all the various parties is taken into consideration when further developing allocations.
- **OMB review of allocations.** OMB reviews against the policy direction of the Executive Office of the President and provides feedback to State.

To what types of activities have State and USAID allocated ARIA/IPS directed funds?

State and USAID allocated ARIA/IPS directed funding to activities under the following seven U.S. government-wide foreign assistance funding categories: (1) democracy, human rights, and governance; (2) economic growth; (3) education and social services; (4) health; (5) humanitarian assistance; (6) peace and security; and (7) program development and oversight.

U.S. agencies use these government-wide foreign assistance funding categories to broadly define foreign assistance programs for planning, budgeting, and reporting. These categories provide a common language to describe programs

across agencies, countries, and regions.⁹ See table 1 for definitions of these seven government-wide foreign assistance funding categories.

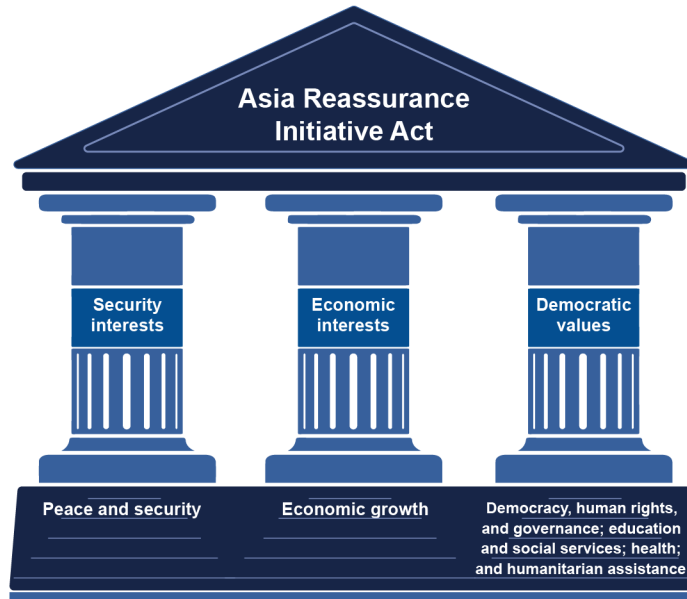
Table 1: U.S. Government-Wide Foreign Assistance Funding Categories and Definitions

Funding Category	State Definition
Democracy, human rights, and governance	To advance freedom and dignity by assisting governments and citizens to establish, consolidate and protect democratic institutions, processes, and values. This includes participatory and accountable governance, rule of law, authentic political competition, civil society, human rights, and the free flow of information.
Economic growth	To generate rapid, sustained, and broad-based economic growth.
Education and social services	To help nations achieve sustainable improvements in the well-being and productivity of their populations through effective and accountable investments in education and other social services. Also, to promote equitable, effective, accountable, and sustainable formal and non-formal education systems.
Health	To contribute to improvements in the health of people—especially women, children, and other vulnerable populations in countries of the developing world—through expansion of basic health services. These services include family planning, strengthening national health systems, and addressing global issues and special concerns such as HIV/AIDS and other infectious diseases.
Humanitarian assistance	To save lives, alleviate suffering, and minimize the economic costs of conflict, disasters, and displacement. Humanitarian assistance is provided based on need according to principles of universality, impartiality, and human dignity. It is often organized by sectors, but requires an integrated, coordinated, and/or multi-sectoral approach to be most effective. Emergency operations will foster the transition from relief, through recovery, to development, but they cannot and will not replace the development investments necessary to reduce chronic poverty or establish just social services.
Peace and security	To help nations effectively establish the conditions and capacity for achieving peace, security, and stability; and for responding effectively against rising threats to national or international security and stability.
Program development and oversight	To provide the general management support required to ensure completion of U.S. foreign assistance objectives by facilitating program management, accounting, and tracking for costs.

Source: Department of State (State). | GAO-24-106371

According to State officials, these government-wide foreign assistance funding categories generally align with three core principles of ARIA: promote U.S. security interests, U.S. economic interests, and U.S. democratic values in the Indo-Pacific region, as shown in figure 3.

Figure 3: U.S. Government-Wide Foreign Assistance Funding Categories General Alignment with ARIA Core Principles



Source: Department of State general alignment of U.S. government-wide foreign assistance funding categories to Asia Reassurance Initiative Act (ARIA) core principles; GAO (icons). | GAO-24-106371

For the purposes of our report, State identified the U.S. government-wide foreign assistance funding categories that generally support the core principles of ARIA. Throughout the remainder of this report, we refer to this alignment of the funding categories and ARIA’s core principles. However, State and USAID aligned their government-wide foreign assistance funding categories with ARIA’s core principles only in response to GAO’s request, noting that they are not required to do so under ARIA.

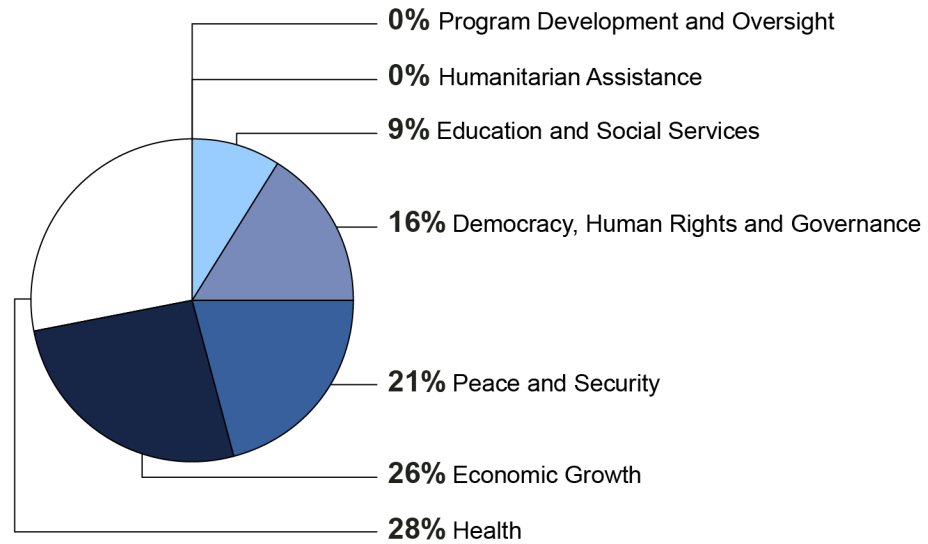
Based on the information we obtained from State and USAID, we determined that, combined, State and USAID allocated ARIA/IPS directed funding in FY 2019 through FY 2022 to activities related to ARIA’s core principles as follows:¹⁰

- U.S. democratic values: \$3.5 billion (53 percent) of the total ARIA/IPS funds
- U.S. economic interests: \$1.7 billion (26 percent) of the total ARIA/IPS funds
- U.S. security interests: \$1.4 billion (21 percent) of the total ARIA/IPS funds

To what types of activities and for which countries have State and USAID allocated ARIA/IPS directed funds?

Specifically, State and USAID allocated a little more than half their combined \$6.6 billion ARIA/IPS directed funding for FY 2019 through FY 2022 to health efforts and economic growth efforts. (See fig. 4).

Figure 4: State and USAID Distribution of Asia Reassurance Initiative Act/Indo-Pacific Strategy Directed Funds Fiscal Years 2019–2022



Source: GAO analysis of Department of State and U.S. Agency for International Development data. | GAO-24-106371

Agencies allocated \$2.3 billion (35 percent) of the total \$6.6 billion ARIA/IPS directed funding to activities associated with Bangladesh, the Philippines, and Vietnam as the top three countries for FY 2019 through FY 2022.¹¹ This funding went to activities within the following categories:

- Health: \$664 million (29 percent)
- Economic growth: \$622 million (27 percent)
- Peace and security: \$500 million (22 percent)
- Education and social services: \$254 million (11 percent)
- Democracy, human rights, and governance: \$251 million (11 percent)
- Humanitarian assistance: \$17 million (1 percent)

According to agency officials, specifically for the top three countries of Bangladesh, the Philippines, and Vietnam, ARIA/IPS directed funding from FY 2019 through FY 2022 has supported the following examples of health and economic growth activities:¹²

- **Bangladesh:** Improved facilities for birth deliveries, including providing logistical and equipment maintenance support; the construction of nine specialized care newborn units; and mentoring providers to improve maternal and newborn health service quality. In addition, it funded a project to work with the Bangladesh National Bureau of Revenue to reduce the time and financial costs of trading across borders, including recommendations for over 100 changes. The National Bureau of Revenue accepted 80 percent of the recommendations, which should result in an estimated 50 percent reduction in clearance time, according to officials.
- **Philippines:** Supported the Philippines Department of Health to improve data quality; including the collection, storing, and analysis of data. For example, provided technical support to the Philippines Pharmaceutical Division's pharmacists on improving the quality of data collected from service delivery points. Also, guided health department staff to present the analyzed data to a department management committee for decision-making.

Furthermore, funding assisted in the formation of partnerships to support biodiversity conservation, natural resources management, sustainable landscapes, sustainable supply chains, and safeguards. In addition, strengthened the capacity of the National Water Resources Board to develop and introduce a national water demand management policy to promote conservation and efficient use of water, according to officials.

- **Vietnam:** Funding assisted with the analysis of the impacts of Vietnam’s Social Health Insurance policies on patient visits at different health care levels. The funding also supported a technical brief with recommendations for the government of Vietnam to continue monitoring the Social Health Insurance policy impact on social health insurance fund expenditures and balances. Furthermore, this support aimed to inform the changes of relevant Social Health Insurance policies by analyzing factors that affect behaviors of health service providers and patients seeking services beyond primary health care level.

In addition, it provided support to the Vietnam Ministry of Planning and Investment to comprehensively assess the effectiveness of Vietnam’s foreign investment law and its guiding documents. The assessment also involved identifying the law’s implementation gaps at all levels, to improve the investment environment, according to officials.

Notably, State also allocated \$74 million to activities associated with China from FY 2019 through FY 2022. Of the \$74 million, the largest share, \$58 million (78 percent) was allocated to the democracy, human rights, and governance funding category. The remaining \$16 million went to the economic growth, and education and social services funding categories. State estimates it will allocate an additional \$12 million to activities associated with China in FY 2023.

According to State officials and our review of State documentation, the overall objectives for activities associated with China, implemented through third-party entities, include: promoting rule of law and access to justice for all citizens; conserving and expanding space for an independent civil society to petition the government on behalf of citizens’ demands; and advancing freedom of expression, the free flow of information, labor rights, freedom of association, and freedom of religion or belief for all ethnic and religious groups.¹³

Furthermore, State also allocated \$18 million to activities to promote human rights in North Korea from FY 2019 through FY 2022. State estimates it will allocate an additional \$5 million to activities associated with North Korea in FY 2023. According to State officials and our review of documentation from State, the overall objectives for activities, also implemented through third-party entities, include: promoting human rights and accountability, increasing access to information, and strengthening the capacity and networks of international non-government organizations that promote the advancement of human rights in North Korea.¹⁴

For more information on ARIA/IPS directed funding by agency from FY 2019 through FY 2023, see appendix II.

Agency Comments

We provided a draft of this report to State and USAID for review and comment. We received technical comments from State and USAID, which we incorporated as appropriate. We also received written comments from USAID, which are reproduced in appendix III.

How GAO Did This Study

This report provides information on the amount of funds State and USAID allocated for the implementation of ARIA, including a general description of categories' activities, and the countries associated with these activities. To describe the ARIA/IPS directed funding allocations, we collected data from State and USAID for fiscal years 2019 through 2023. We refer to these using one description ("ARIA/IPS directed funds") because agency officials said these funds are accounted for jointly in budget allocations and are deeply intertwined. The data were categorized by country, U.S. government-wide foreign assistance funding categories, and by agency—State or USAID. We analyzed the data based on these data points to report on ARIA/IPS directed funding allocations and types of activities during this time period.

We assessed the reliability of the directed funding data by interviewing State and USAID officials about how the data were compiled, and by checking for missing elements and obvious errors. When we found potential errors or duplicate data, we contacted relevant agency officials, and obtained additional information to resolve these data issues. We determined that the data were sufficiently reliable for the purposes of reporting on allocations of ARIA/IPS directed funding for efforts in the Indo-Pacific region for FY 2019 through FY 2023.

To describe how the U.S. government-wide foreign assistance funding categories align with the core principles of ARIA, we relied on State to identify which funding categories linked to which ARIA core principles. According to State officials, these government-wide foreign assistance funding categories generally support three core principles of ARIA. State and USAID aligned their government-wide foreign assistance funding categories with ARIA's core principles only in response to our request, noting that they are not required to do so under ARIA.

We also obtained additional information about the ARIA/IPS directed funding by reviewing relevant agency documentation, and by interviewing officials from State and USAID.

We conducted this performance audit from November 2022 to January 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

List of Addressees

The Honorable Mitt Romney
Ranking Member
Subcommittee on East Asia, the Pacific, and International Cybersecurity Policy
Committee on Foreign Relations
United States Senate

The Honorable Edward J. Markey
United States Senate

We are sending copies of this report to the appropriate congressional committees, the Secretary of State, and the USAID Administrator. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

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Appendix I: Distribution of Asia Reassurance Initiative Act (ARIA)/Indo-Pacific Strategy (IPS) Directed Funds by Location, Fiscal Years 2019 through 2023

This appendix provides more details on the fiscal year allocations of approximately \$8.4 billion ARIA/IPS directed funding to efforts in the Indo-Pacific region from fiscal year (FY) 2019 through FY 2023.

Table 2: ARIA/IPS Directed Funds by Location, Fiscal Years 2019–2023

Dollars in Thousands

Country/Territory/ Regional Operating Units, etc.	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate
Bangladesh	200,411	206,680	206,521	212,279	202,550
Bhutan	0	0	0	1,000	2,200
Burma	127,448	135,600	136,127	136,127	136,127
Cambodia	74,505	95,404	94,027	100,519	97,917
China	20,040	25,000	17,000	12,000	12,000
Fiji	196	138	538	318	2,500
India	121,609	102,344	100,052	116,354	120,392
Indonesia	146,192	135,638	139,130	152,641	151,815
Laos	58,167	81,824	90,020	91,001	93,000
Malaysia	1,084	295	1,239	999	1,300
Maldives	4,350	4,990	5,050	8,671	9,500
Marshal Islands	450	950	450	650	700
Micronesia	450	450	450	450	600
Mongolia	9,993	13,060	15,264	13,225	12,500
Nepal	129,941	127,995	144,330	125,693	132,995
North Korea	4,000	4,000	5,000	5,000	5,000
Papua New Guinea	7,091	3,148	12,692	16,097	25,845
Philippines	163,143	174,123	291,932	155,196	169,536
Samoa	0	0	0	0	100
Sri Lanka	47,125	36,432	37,787	42,887	40,250
Taiwan	0	0	0	0	6
Thailand	29,436	33,363	31,862	39,542	30,073
Timor-Leste	18,355	20,081	19,590	18,222	19,450
Tonga	184	53	51	279	400
Vietnam	151,984	174,732	185,707	185,314	206,147

Country/Territory/ Regional Operating Units, etc.	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate
Pacific Islands Regional	30,770	25,000	28,500	46,939	34,000
State East Asia and Pacific Regional	111,900	106,060	87,072	67,301	122,295
State South and Central Asia Regional	34,466	33,050	32,079	37,990	49,740
USAID Asia Regional	21,250	20,250	36,000	25,000	25,800
USAID Regional Development Mission for Asia	26,850	26,694	32,000	63,950	47,000
USAID South Asia Regional	484	1,000	1,000	1,000	1,000
ASEAN	0	0	0	0	25,000
Countering PRC Influence Fund (CPIF)	0	0	0	0	43,500
Total	1,541,874	1,588,354	1,751,470	1,676,644	1,821,238

Source: GAO analysis of data and information provided by State and USAID. | GAO-24-106371

Notes: For FY 2019 through FY 2022, allocated data are actual amounts. For FY 2023, allocated data are estimated amounts. All data are as of August 28, 2023.

Appendix II: Distribution of Asia Reassurance Initiative Act (ARIA)/Indo-Pacific Strategy (IPS) Directed Funds by Agency, Fiscal Years 2019 through 2023

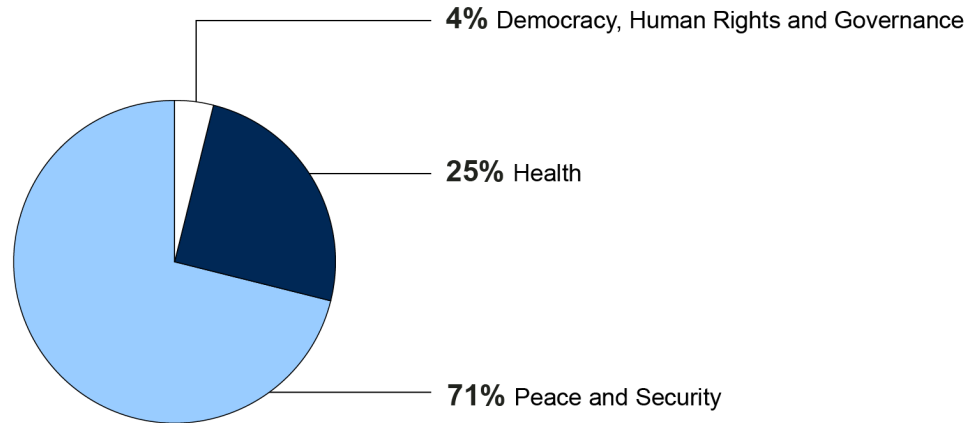
Of the total approximately \$8.4 billion allocated ARIA/IPS directed funds to support efforts for the Indo-Pacific region from FY 2019 through FY 2023, State allocated \$2.3 billion, USAID allocated \$4.7 billion, and the two agencies jointly allocated \$1.3 billion.¹⁵ Below is information on agency-by-agency allocations of ARIA/IPS directed funding from FY 2019 through FY 2023.

Department of State

Of the total \$6.6 billion allocated ARIA/IPS directed funding for FY 2019 through FY 2022, Department of State (State) allocated \$1.3 billion (71 percent) of its \$1.8 billion managed funds to the efforts associated with the peace and security U.S. government-wide foreign assistance funding category. See figure 5 for distribution of the funds by funding category. State allocated the remaining \$528 million (29 percent) of the \$1.8 billion ARIA/IPS directed funding to efforts associated with the health as well as the democracy, human rights, and governance funding categories. According to State this distribution of funds aligns with the following ARIA core principles:

- U.S. security interests: \$1.3 billion (71 percent)
- U.S. democratic values: \$528 million (29 percent)

Figure 5: Department of State’s Distribution of Asia Reassurance Initiative Act/Indo-Pacific Strategy Directed Funds by U.S. Government-Wide Foreign Assistance Funding Category Fiscal Years 2019–2022



Source: GAO analysis of of Department of State and U.S. Agency for International Development data. | GAO-24-106371

State allocated its ARIA/IPS FY 2019 through FY 2022 directed funding to activities associated with 18 countries in the Indo-Pacific region. State’s largest allocations went to efforts for three countries: Philippines (\$371 million), Vietnam (\$275 million), and Laos (\$186 million), for a total of \$832 million—(45 percent) of State’s \$1.8 billion managed funds.¹⁶ Seventy-seven percent of the total allocated funds to efforts for these three countries went to peace and security funding category; 19 percent to health funding category; and 3 percent to democracy, human rights, and governance funding category.

Vietnam, the Philippines, and Laos-associated activities received the most allocations of ARIA/IPS directed funding estimated in FY 2023. Out of an estimated \$483 million allocated directed funds managed by State in FY 2023, these efforts accounted for approximately \$182 million (38 percent). Specifically, activities associated with Vietnam received an estimated \$79 million, activities associated with the Philippines received an estimated \$59 million, and activities associated with Laos received an estimated \$45 million.

United States Agency for International Development

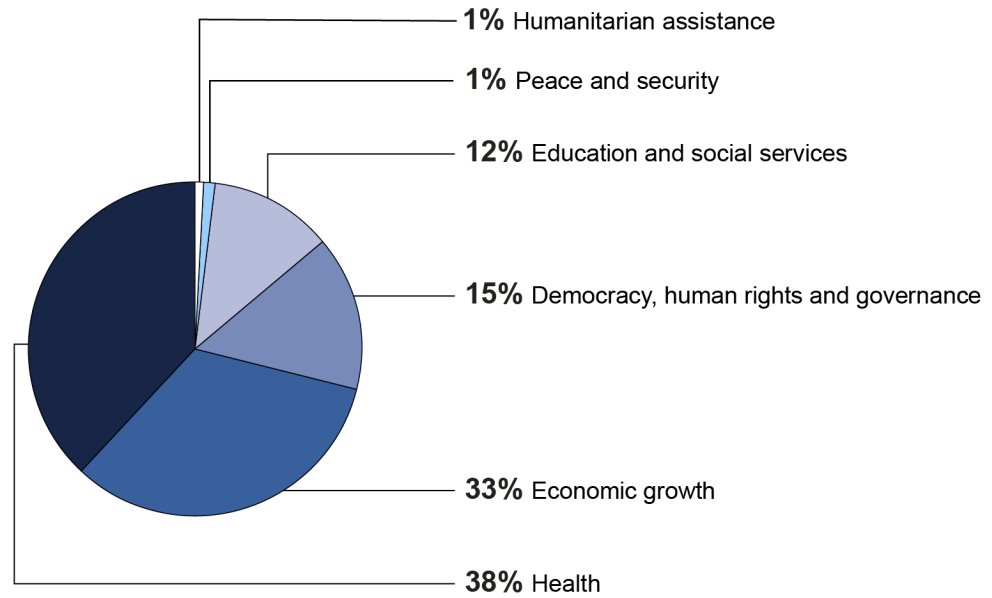
United States Agency for International Development (USAID) managed \$3.7 billion (56 percent) of the total \$6.6 billion ARIA/IPS directed funding for FY 2019 through FY 2022. See figure 6 for the proportions of USAID’s allocations by U.S. government-wide foreign assistance funding category. Of its total \$3.6 billion managed funds, USAID allocated the majority to efforts associated with the health and to the economic growth funding categories:

- \$1.4 billion (38 percent) to activities within the health funding category
- \$1.2 billion (33 percent) to activities related to the economic growth funding category

According to State’s alignment of the U.S. government-wide foreign assistance funding categories to ARIA’s core principles, USAID allocated ARIA/IPS directed funding to ARIA activities associated with core principles as follows:

- U.S. democratic values: \$2.4 billion (66 percent)
- U.S. economic interests: \$1.2 billion (33 percent)
- U.S. security interests, \$34 million (1 percent)

Figure 6: Distribution of United States Agency for International Development’s Asia Reassurance Initiative Act/Indo-Pacific Strategy Directed Funds by U.S. Government-Wide Foreign Assistance Funding Category Fiscal Years 2019–2022



Source: GAO analysis of Department of State and U.S. Agency for International Development data. | GAO-24-106371

USAID allocated its FY 2019 through FY 2022 ARIA/IPS directed funding to 18 countries in the Indo-Pacific region—the largest allocations went to activities associated with three countries: Bangladesh (\$802 million), the Philippines (\$413 million), and Indonesia (\$393 million), for a total of \$1.6 billion (44 percent) of USAID’s \$3.6 billion managed funds.¹⁷ Of the \$1.6 billion allocated to these three countries, \$653 million (41 percent) was allocated to efforts associated with the health funding category, and close to \$549 million (34 percent) was allocated to efforts associated with the economic growth funding category.

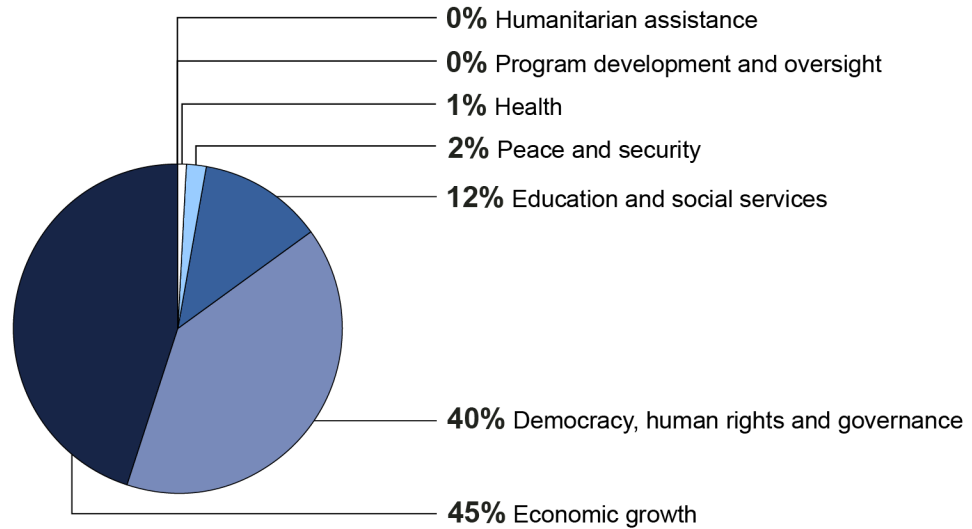
USAID allocated the estimated \$1.1 billion of FY 2023 directed funds they managed to activities associated with Bangladesh (\$201 million), the Philippines (\$111 million), and Indonesia (\$110 million). Therefore, activities associated with these countries remained the largest recipients, accounting for \$421 million (38 percent) of USAID’s allocations.

State and USAID Jointly Managed

Of the total \$6.6 billion ARIA/IPS directed funding, in FY 2019 through FY 2022, State and USAID jointly managed \$1.1 billion (16 percent) through the Economic Support Fund foreign assistance account. As figure 7 shows, State and USAID allocated about 85 percent of their jointly-managed ARIA/IPS directed funding to activities associated with economic growth and democracy, human rights, and governance U.S. government-wide foreign assistance funding categories. According to State’s alignment of the funding categories to ARIA’s core principles, State and USAID’s jointly allocated ARIA/IPS directed funding corresponds to ARIA core principles as follows:

- U.S. democratic values: \$564 million (52 percent)
- U.S. economic interests: \$484 million (45 percent)
- U.S. security interests: \$24 million (2 percent)

Figure 7: Distribution of Economic Support Fund Asia Reassurance Initiative Act/Indo-Pacific Strategy Directed Funds by U.S. Government-Wide Foreign Assistance Funding Category Fiscal Years 2019–2022



Source: GAO analysis of of Department of State and U.S. Agency for International Development data. | GAO-24-106371

State and USAID jointly allocated the Economic Support Fund directed funds to activities associated with 16 countries in the Indo-Pacific region—the largest allocations went to activities associated with three countries: Burma (\$266 million), Nepal (\$162 million), and Vietnam (\$130 million), for a total of \$558 million (52 percent) of the jointly managed \$1.1 billion.¹⁸ The majority of the allocated funds that went to activities associated with Burma belong to the democracy, human rights, and governance funding category; the funds allocated to activities associated with Nepal and Vietnam primarily belong to the economic growth funding category.

In the estimated FY 2023 directed funds jointly managed by State and USAID, efforts for three countries account for the most in the region. Specifically, \$98 million (39 percent) of State and USAID’s \$244 million estimated allocations went to activities associated with the following countries: Burma \$50 million (21 percent); Vietnam 28 million (12 percent), and India \$20 million (8 percent).

Appendix III: Comments from United States Agency for International Development



January 03, 2024

Latesha Love-Grayer
Director, International Affairs and Trade
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20226

Re: Foreign Assistance: Agencies Allocated \$8.4 Billion Congressionally Directed Funds to Advance U.S. Goals in the Indo-Pacific Region (**GAO-24-106371**)

Dear Ms. Love-Grayer:

I am pleased to provide the formal response of the U.S. Agency for International Development (USAID) to the draft report produced by the U.S. Government Accountability Office (GAO) titled, Foreign Assistance: Agencies Allocated \$8.4 Billion Congressionally Directed Funds to Advance U.S. Goals in the Indo-Pacific Region (**GAO-24-106371**).

State and USAID worked together to sync reporting data which included aligning government-wide foreign assistance funding categories with ARIA (Asia Reassurance Initiative Act) core principles as a response to GAO's request to establish consistency across reporting. Thus, we agree with the State and USAID allocated ARIA/IPS totals directed funding for FY 2019 through FY 2022 to activities related to ARIA's core principles.

USAID remains committed to continuing work with Indo-Pacific countries. Our work is executed through multilateral and bilateral partners to ensure that U.S. government-wide foreign assistance is allocated to the following funding categories: (1) democracy, human rights, and governance; (2) economic growth; (3) education and social services; (4) health; (5) humanitarian assistance; (6) peace and security; and (7) program development and oversight.

I am transmitting this letter for inclusion in the GAO's final report. Thank you for the opportunity to respond to the draft report, and for the courtesies extended by your staff while conducting this engagement. We appreciate the opportunity to participate in the complete and thorough evaluation of our funding to advance U.S. goals in the Indo-Pacific region.

Sincerely,

Rebecca Krzywda
Deputy Assistant Administrator
Bureau for Management

Endnotes

¹Asia Reassurance Initiative Act of 2018, Pub. L. No. 115-409, 132 Stat, 5387 (Dec. 31, 2018).

²For fiscal years (FY) 2019 through 2022, allocated data are actual amounts. For FY 2023, allocated data are estimated amounts. On July 7, 2023, State reported to Congress the FY 2023 allocated estimated amounts as part of its reporting mandate under Section 653(a) of the Foreign Assistance Act of 1961, as amended. See 22 U.S.C. § 2413. All data provided is as of Aug. 28, 2023. For the purpose of this report, we use the term "allocation" to describe budget decisions that provide the basis for spend plans to obligate funds.

³The Indo-Pacific region encompasses: Australia, Bangladesh, Bhutan, Brunei, Burma, Cambodia, China, Cook Islands, Fiji, India, Indonesia, Japan, Kiribati, Laos, Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Nauru, Nepal, New Zealand, Niue, North Korea, Papua New Guinea, Philippines, Samoa, Singapore, Solomon Islands, Sri Lanka, South Korea, Taiwan, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu, and Vietnam. The Indo-Pacific region also

includes the U.S. territories of American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.

⁴Executive Office of the President, National Security Council, *Indo-Pacific Strategy of the United States* (Washington, D.C.: Feb. 2022).

⁵ARIA/IPS directed funds were allocated to efforts associated with the following 24 Indo-Pacific region countries: Bangladesh, Bhutan, Burma, Cambodia, China, Fiji, India, Indonesia, Laos, Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Nepal, North Korea, Papua New Guinea, Philippines, Samoa, Sri Lanka, Thailand, Timor-Leste, Tonga, and Vietnam. In addition, funds were also allocated to the following six regional operating units: Pacific Island Regional, State East Asia and Pacific Regional, State South and Central Asia Regional, USAID Asia Regional, USAID Regional Development Mission for Asia, and USAID South Asia Regional.

⁶In addition to the 24 Indo-Pacific region countries whose related efforts were allocated ARIA/IPS directed funding in FY 2019 through FY 2022, an estimated \$6,000 will be allocated to activities associated with Taiwan in FY 2023.

⁷The Association of Southeast Asian Nations, or ASEAN, was established Aug. 8, 1967, in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration) by the founding countries of ASEAN: Indonesia, Malaysia, Philippines, Singapore, and Thailand. Brunei Darussalam joined ASEAN on Jan. 7, 1984, followed by Vietnam on July 28, 1995, Lao PDR and Myanmar on July 23, 1997, and Cambodia on Apr. 30, 1999, making up what is today the ten Member States of ASEAN. ASEAN states its purpose is to accelerate economic growth, social programs, and cultural development, and to promote peace and security in Southeast Asia. The Countering People's Republic of China Influence Fund (CPIF) is to counter the influence of the Government of the People's Republic of China and the Chinese Communist Party and entities acting on their behalf globally. In FY 2023, an estimated \$44 million of ARIA/IPS directed funds is to be allocated for activities associated with Pacific Island countries part of the Indo-Pacific region to support CPIF efforts.

⁸Department of State's allocation decisions are part of its multi-step process to respond to the reporting process mandated in Section 653(a) of the Foreign Assistance Act of 1961, as amended. See 22 U.S.C. § 2413. For additional information, see GAO, *Foreign Assistance: State Department Should Take Steps to Improve Timeliness of Required Budgetary Reporting*, [GAO-19-600](#) (Washington, D.C.: Sept. 9, 2019).

⁹This is known as the Standardized Program Structure and Definitions.

¹⁰A breakdown of the fiscal year 2023 ARIA/IPS directed funds estimated allocations by ARIA's core principles is not included because of the time of reporting State and USAID were unable to provide this data.

¹¹A breakdown of the fiscal year 2023 ARIA/IPS directed funds estimated allocations by U.S. government-wide foreign assistance funding categories is not included because at the time of reporting State and USAID were unable to provide this data.

¹²For purposes of this report, we only present examples of activities funded with ARIA/IPS directed funding. This report does not include an assessment of monitoring and evaluating (M&E) of activities funded with ARIA/IPS directed funding. According to U.S. officials, the M&E of activities managed by the Department of State follow the guidance under the Foreign Affairs Manual (FAM). See *Department of State Program and Project Design, Monitoring, and Evaluation*, 18 FAM 301.4 (Aug. 22, 2023). USAID officials said activities managed by USAID follow the guidance under USAID's operational policy, the Automated Directive System. See *ADS Chapter 201 Program Cycle Operational Policy* §§ 201.3.5 and 201.3.6 (May 22, 2023).

¹³Specific examples of activities associated with this country are not included in this report due to the highly sensitive nature of those activities, according to officials.

¹⁴Specific examples of activities associated with this country are not included in this report due to the highly sensitive nature of those activities, according to officials.

¹⁵This amount includes the estimated \$1.8 billion State and USAID estimate to allocate in FY 2023.

¹⁶State managed ARIA/IPS directed funds were allocated to efforts associated with the following 18 Indo-Pacific region countries: Bangladesh, Burma, Cambodia, Fiji, India, Indonesia, Laos, Malaysia, Maldives, Mongolia, Nepal, Papua New Guinea, Philippines, Sri Lanka, Thailand, Timor-Leste, Tonga, and Vietnam.

¹⁷USAID managed ARIA/IPS directed funds were allocated to efforts associated with the following 18 Indo-Pacific region countries: Bangladesh, Burma, Cambodia, China, India, Indonesia, Laos, Maldives, Marshall Islands, Micronesia, Mongolia, Nepal, Papua New Guinea, Philippines, Sri Lanka, Thailand, Timor-Leste, and Vietnam.

¹⁸State and USAID co-managed ARIA/IPS directed funds were allocated to efforts associated with the following 16 Indo-Pacific region countries: Bhutan, Burma, Cambodia, China, India, Indonesia, Maldives, Marshall Islands, Mongolia, Nepal, North Korea, Papua New Guinea, Philippines, Sri Lanka, Thailand, and Vietnam.