

The International Affairs Budget

ADVANCING U.S. NATIONAL INTERESTS



U.S. GLOBAL
LEADERSHIP
COALITION

STABILIZING FRAGILE STATES

PROMOTING U.S. EXPORTS AND AMERICAN JOBS

REDUCING GLOBAL POVERTY AND BUILDING ECONOMIC GROWTH

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CORE THEMATIC CATEGORIES OF THE INTERNATIONAL AFFAIRS BUDGET:

Stabilizing Weak and Fragile States

Preventing countries from falling into conflict, stabilizing those in the midst of or emerging from conflict, and strengthening U.S. capacity to respond to crises help prevent war and contribute to a more peaceful, stable world. **page 8**

Supporting Strategic Allies

Equipping and training key economic and military allies is critical in advancing U.S. economic and national security interests around the world. **page 10**

Combating Global Threats such as Weapons Proliferation, Drug Trafficking, and International Crime

Fighting international crime and the spread of illegal weapons and narcotics helps prevent these threats from reaching the United States. **page 12**

Promoting U.S. Exports and Creating American Jobs

Opening new markets abroad creates opportunities for American workers and companies at home and helps the United States remain competitive overseas. **page 14**

Promoting Good Governance and Rule of Law

Helping strengthen democratic institutions and uphold human rights standards promotes the principles of good governance that lead to a more stable world and expands the number of countries that share U.S. values. **page 16**

Reducing Global Poverty and Promoting Economic Growth and Well-Being

Promoting growth and helping people lift themselves out of poverty is not only the right thing to do, it is key to a more stable and prosperous world and to America's long-term security. **page 18**

Responding to Humanitarian Disasters

Providing humanitarian assistance saves lives, eases suffering, and helps the victims of natural disasters rebuild. **page 22**

Strengthening U.S. Civilian Capacity to Advance U.S. Interests

The complex operations undertaken by U.S. diplomats and development experts are challenging and at times dangerous. Like the military, they require tools and training so they have the wherewithal to carry out their missions. **page 24**

Leveraging Partnerships

The United States alone cannot solve today's global threats. Partnering with foreign governments, international organizations, non-governmental organizations, civil society, the private sector, and foundations promotes U.S. global leadership and leverages our investments so others share the burden. **page 26**

Promoting Public Diplomacy and Cultural Exchange

Public diplomacy and programs that support people-to-people exchanges help project a more positive image of the U.S. abroad as well educate Americans about the world. **page 28**

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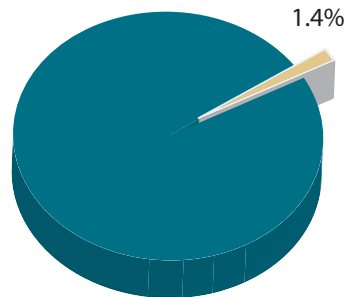
The International Affairs Budget funds the majority of America's civilian foreign policy programs—diplomatic relations with other countries, security assistance to allies and strategic partners, trade and economic relationships with the global community, health clinics and schools in the developing world, and humanitarian relief efforts in the wake of natural disasters. These programs are critical to advancing America's national security and economic interests and sustaining American leadership in the world by stabilizing fragile states, deterring threats before they reach America's shores, responding to crises, fostering global economic prosperity, and opening new markets abroad that create jobs in the United States.

These investments totaled just 1.4% of the federal budget in 2010 and only about 5.2% of total U.S. national security spending. What are some of the achievements these investments have helped support and sustain?

WHAT ARE SOME OF THE ACHIEVEMENTS THESE INVESTMENTS HAVE HELPED SUPPORT AND SUSTAIN?

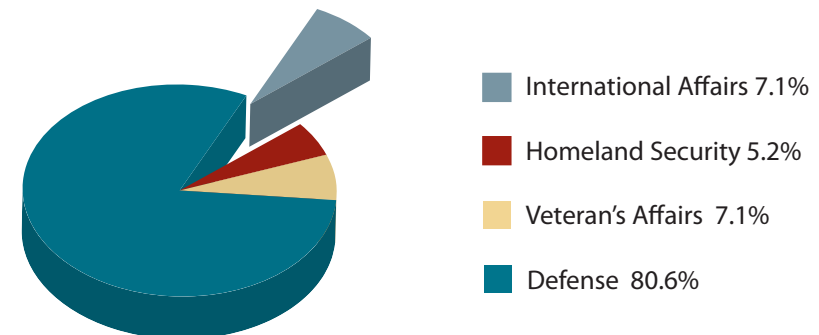
- Nearly 55 million people benefited from U.S. disaster assistance in 2009.
- In 17 African countries, economic growth per capita grew on average 3.2% annually between 1996 and 2008, spurring a 50% increase in average incomes
- Nearly half of all U.S. exports now go to the developing world. These markets now represent 95% of the world's consumers.
- The number of electoral democracies in the world has grown from 69 two decades ago to 116 in 2010, including the rise from 3 to 23 in Africa.
- Lifesaving antiretroviral treatments for HIV/AIDS have been provided to nearly four million Africans since 2002.
- The number of children dying before their fifth birthday has been cut in half, and polio cases have been reduced by 99% in just 20 years.
- Hunger declined for 98 million people around the world between 2009 and 2010.
- Over 42 million more children entered schools in Africa between 1999 and 2007.

The International Affairs Budget



With a mere one percent of the entire U.S. Federal Budget, the International Affairs Budget supports America's civilian tools of development and diplomacy.

Proposed FY12 International Affairs Budget as Percentage of Security Agency Budget



The International Affairs Budget

ADVANCING U.S. NATIONAL INTERESTS

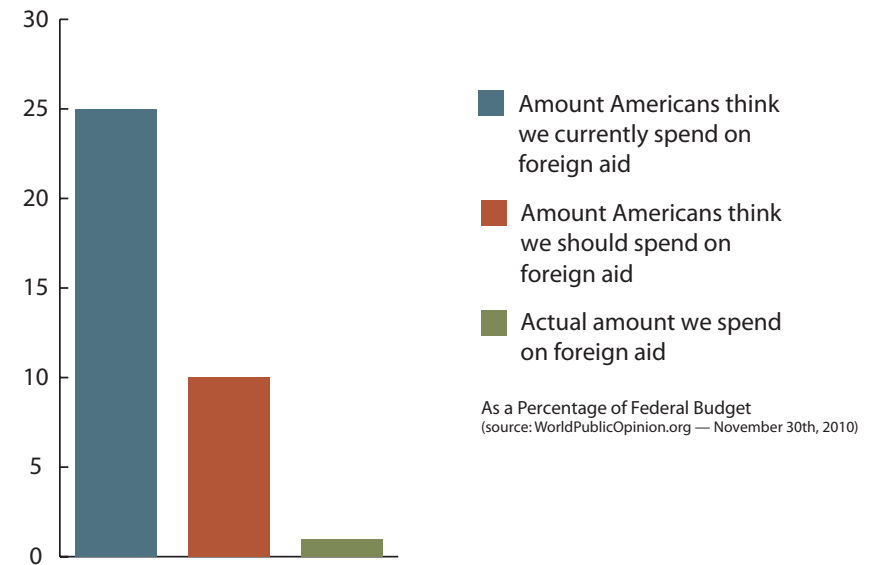


The world has changed dramatically over the past two decades with Cold War threats replaced by terrorism, pandemics, food shortages, and weak and failing states, among others. A bipartisan consensus has emerged among leaders of both parties in Congress, as well as the Bush and Obama Administrations, that a strong and effective International Affairs Budget is an integral part of our national security strategy and economic future. While today's economic realities will mean difficult budget decisions, substantial cuts could leave the United States vulnerable and unable to provide global leadership. The International Affairs Budget provides the critical resources that allows the United States to effectively respond to these challenges and promote a more secure and prosperous America.

While the International Affairs Budget funds the two primary U.S. foreign policy agencies — the Department of State and the U.S. Agency for International Development (USAID) — it also funds a range of smaller programs that contribute needed expertise and complement the work of State and USAID and our military. Programs managed by the Departments of Agriculture and the Treasury are also supported by the International Affairs Budget, as are a number of other independent agencies such as the Peace Corps, the Millennium Challenge Corporation, the Export-Import Bank, and the Overseas Private Investment Corporation. Taken together, these agencies, programs, and investments strengthen America's diplomatic and development efforts abroad and promote America's national security, economic growth, and moral leadership.



Perceptions and Realities of Foreign Aid Spending



"I've testified as one of the biggest proponents of more funding for the Department of State. . . . Maintaining a close civil-military partnership is a critical part of a comprehensive counterinsurgency campaign. In fact, tens of thousands of civilians are working closely with their military counterparts in the Central Command region to achieve the conditions we hope to establish, and this is obviously a hugely important aspect of our operations."

GENERAL DAVID PETRAEUS

Stabilizing Weak and Fragile States



OVERVIEW

Military and civilian leaders are increasingly concerned with the threats to U.S. security posed by weak and fragile states and have urged Congress to make greater investments in civilian capacity to combat these threats. Diplomats and development professionals play critical roles in preventing and mitigating conflict in unstable regions, and work alongside the military to bring peace to war zones. Harnessing the strength of all U.S. tools of national power—diplomacy, development, and defense—helps America stay safer.

The International Affairs Budget funds programs to prevent countries from falling into conflict and chaos and to strengthen the U.S. capacity to respond to crisis. Programs provide counterterrorism and counter-insurgency assistance in situations of high-priority national security significance, such as those in Afghanistan, Iraq, Pakistan, Somalia and Yemen. They help build and train national army and police forces, strengthen local government capacity, and improve destitute living conditions that can fuel extremism and anti-American sentiment.

KEY ACCOUNTS

- Civilian Stabilization Initiative
- Contributions to International Peacekeeping and Peacekeeping Operations
- Transition Initiatives
- Complex Crisis Fund
- Pakistan Counterinsurgency Fund
- Development Assistance (partial)
- Economic Support Fund (partial)
- Democracy Fund (partial)
- International Narcotics and Law Enforcement (partial)
- Foreign Military Financing (partial)

“As we have seen, the international environment is more fluid and more complex than ever before. Longer-lasting, more sustainable effects will most assuredly demand a whole-of-government, if not a whole-of-nation effort. Defense and diplomacy are simply no longer discrete choices, one to be applied when the other one fails, but must, in fact, complement one another throughout the messy process of international relations.”

CHAIRMAN OF THE JOINT CHIEFS OF STAFF ADMIRAL MIKE MULLEN

INTERNATIONAL AFFAIRS BUDGET AT WORK:

Building State Capacity in Yemen



National security experts have focused in recent years on the weak state of Yemen as one of the biggest threats to U.S. national security. Several afflictions factor into Yemen’s instability: an increasingly ambitious Al Qaeda; a civil war; a massive youth bulge; and diminishing natural resources. The United States seeks to avoid the need for military intervention by strengthening the capacity of the Yemeni government and

eliminating terrorist havens and their ability to recruit. In addition to security sector assistance to the Yemeni armed forces, programs include USAID’s “2010–2012 Yemen Country Strategy” which seeks to improve government capacity and livelihoods in target communities, mitigating drivers of instability.

Stabilizing Liberia after the Fall of a Dictator



Facing social unrest and instability after the resignation of Liberian dictator Charles Taylor in 2003, the U.S. Office for the Coordinator of Reconstruction and Stability created conflict resolution and police training programs to improve stability and governance, helped refugees return from neighboring countries, and supported U.N. Peacekeepers. As a result of increased stability and proven government transpar-

ency, Liberia, with U.S. assistance, held free and fair elections for the first time in 2005 and became eligible for a Millennium Challenge Corporation (MCC) Threshold Program, a sign that Liberia was governing well, applying sound economic policies, and addressing social needs of its people. Under the MCC grant, Liberia received \$15 million to improve access to education for girls, strengthen trade capacity, and improve laws governing property ownership. Despite past turbulence, Liberia now has the foundation for a more prosperous future and serves as an important U.S. partner and a model for other African nations. Trade with the United States has also grown, with the value of U.S. goods exported to Liberia growing from \$27 million in 2002 to almost \$95 million in 2009.

Supporting Strategic Allies

OVERVIEW

Strong partners are critical in advancing U.S. economic and national security interests around the world. U.S. security assistance is based on the principle of ensuring that friendly nations are equipped and trained to work toward common security objectives and prepared to share burdens in joint missions. The United States provides direct military and economic assistance to allies and partners, as well as specialized training through programs where military cadets from strategic partner countries build relationships with their U.S. counterparts and learn the principles of a professional military and its relationship to civilian leadership.

The International Affairs Budget strengthens America's security with support for key economic and military allies, such as Israel and Jordan in the Middle East, that are vital to both regional and U.S. national security. These programs have also aided former Soviet-bloc nations as they prepared for NATO membership, further strengthening an alliance that has endured for over 60 years and remains our preeminent multilateral military alliance.

KEY ACCOUNTS

- Foreign Military Financing
- International Military Education and Training
- Economic Support Fund

"I think of smart power as the strategic triad of the 21st Century—the integrated blend of defense, diplomacy and development. But this strategic approach will only be effective if all three smart power pillars are coherent, coordinated, and adequately resourced."

FORMER COMMANDANT OF THE U.S. MARINE CORPS,
GENERAL MICHAEL HAGEE (RET.)



INTERNATIONAL AFFAIRS BUDGET AT WORK:

Supporting the Security of Israel



As the only democratic state in the Middle East, Israel is one of the United States' most important partners and a beneficiary of programs funded by the International Affairs Budget. In 2010, the United States provided \$3 billion in military assistance to help Israel procure weapons and to support its own defense industry. This assistance strengthens our ties with Israel and assures that the U.S. helps its key partner in a strategic and sensitive region.

Poland's Emergence as a Strong NATO Partner



Over the past two decades since breaking away from Soviet domination, Poland has benefitted from continued U.S. military assistance, including the International Military Education and Training (IMET) program. From a small investment of an average of less than \$2 million per year, plus some funding from other military aid programs, the United States has trained over 2,200 Polish military officers and civilians, helping pave the way for Poland's accession into NATO in 1999 and the European Union in 2004. The success of IMET's program on Poland's military is widely recognized as having a significant impact on the degree to which Warsaw's tactical and strategic military thinking, including Polish Vision 2030, aligns with U.S. and NATO interoperability goals.

Combating Global Threats such as Weapons Proliferation, Drug Trafficking, and International Crime

OVERVIEW

Globalization has made the world smaller, making it easier for criminals to engage in illicit activities across borders that fund organized crime and terrorist organizations. Drug cartels in Central and South America and beyond, the risk of proliferation of weapons of mass destruction to terrorist organizations, and the illegal trafficking of people threaten our security abroad as well as at home.

The International Affairs Budget funds programs that combat these global threats and keep them from reaching the United States. These programs enforce global arms control and disarmament agreements involving weapons of mass destruction and conventional weapons. They help build the capacity of key strategic allies to prevent weapons proliferation and monitor stockpiles of nuclear weapons. Counternarcotics and anticrime programs efforts help train and support law enforcement agencies fighting international crime, helping to share the burden on the United States.

KEY ACCOUNTS

- International Narcotics Control and Law Enforcement
- Nonproliferation, Anti-Terrorism, Demining and Related Programs
- U.S.-China Economic and Security Review Commission
- Development Assistance, “Alternative Development” (partial)

“We live in a dangerous world and a world of opportunity. Increasing our diplomatic and development resources is absolutely critical and money well spent to deal with the dangers and seize the opportunities. I commend the President for his commitment to these urgently-needed investments in our nation’s economic and national security.”

FORMER SECRETARY OF STATE COLIN POWELL



Strengthening Mexico’s Anticrime and Counternarcotics Capacity



The security of Mexico and the United States is directly linked with our long border and close economic ties. As the Mexican government struggles to manage increasing challenges by criminal elements, the United States has stepped up its efforts through the Merida Initiative and programs to help Mexico disrupt and dismantle criminal

forces, institutionalize the rule of law, construct a modern border, and invest in strong and resilient Mexican communities. This highly complex and diverse effort draws on multiple tools in the International Affairs Budget including military, counternarcotics, legal, and economic development assistance.

Preventing Proliferation of Weapons of Mass Destruction



At the end of the Cold War, the United States identified a dangerous threat: a large number of unemployed nuclear experts in the former Soviet Union who were vulnerable to offers to exchange their knowledge of lethal weapons for money. In response, the United States created a program that employs

scientists and redirects their skills to peaceful careers. Thus the United States prevented their knowledge from spreading to states believed to be actively pursuing nuclear weapons. The success of this program led to its expansion beyond the former Soviet Union to scientists from all around the world, including nuclear weapons scientists from Iraq and Libya. By providing opportunities to highly skilled individuals for peaceful research, these programs have proven an effective tool for threat reduction and non-proliferation.

Promoting U.S. Exports and Creating American Jobs

OVERVIEW

One out of every five American jobs is tied to trade today, and America's fastest growing markets are in developing countries. Today developing countries represent nearly half of U.S. exports. Numerous programs and independent agencies funded by the International Affairs Budget promote U.S. exports, help open new markets abroad, and create American jobs at home.

The U.S. Trade and Development Agency (USTDA), for example, generates \$35 in U.S. exports for every \$1 it invests in feasibility studies and partnerships abroad. The Overseas Private Investment Corporation, which protects and helps U.S. businesses investing in emerging markets, is actually a source of revenue through loan repayments and fees for services. The Export-Import Bank has helped to support more than \$400 billion in U.S. exports throughout its history. These programs, along with our diplomatic corps at embassies around the world, help the United States stay competitive in the global economy and assist other countries in becoming stronger trading partners.

KEY ACCOUNTS

- U.S. Trade and Development Agency
- Overseas Private Investment Corporation
- U.S. Export-Import Bank
- Foreign Claims Settlement Commission
- International Trade Commission
- Development Assistance, "Trade Capacity Building" (partial)

"The programs supported by the International Affairs Budget are as essential to our national security as defense programs. Development and diplomacy protect our nation by addressing the root causes of terrorism and conflict. But it's not just about security. By building new markets overseas for American products, the International Affairs Budget creates jobs and boosts the economy here at home."

FORMER HOMELAND SECURITY SECRETARY TOM RIDGE



INTERNATIONAL AFFAIRS BUDGET AT WORK:

USTDA Helps Identify Opportunities Abroad for U.S. Businesses



As the city of Fes, Morocco, experienced rapid growth, city officials became concerned that solid waste would contribute to public health problems and poor living conditions. Working with local city leaders, USTDA funded an initial review of possible solutions conducted by Edgeboro International, a New Jersey-based company. With the help of a \$100,000 USTDA grant, Edgeboro

constructed and operated a new landfill that contributed not only improved quality of life of the citizens of Fes, but led to several additional long-term contracts for U.S. firms worth \$62 million in U.S. exports.

OPIC Helps Small Businesses in Utah and Other States Expand to New Markets



The Overseas Private Investment Corporation (OPIC) connects U.S. firms and private capital with overseas developing markets where political risk is high. For example, Pacific Tri-Star, a small Utah-based construction equipment leasing company, recently received a \$750,000 loan from OPIC to expand its fleet of heavy construction equipment in Nigeria that

they lease to local companies and to operate outside of Lagos. These small Nigerian businesses use Pacific Tri-Star's equipment to build roads, improve infrastructure, and mine resources. This project is just one example of OPIC helping a U.S. business to expand, while also helping developing countries grow their own economies.

Promoting Good Governance and Rule of Law

OVERVIEW

Over the past twenty years, the number of electoral democracies in the world has grown from 69 to 116, enhancing global security and promoting U.S. interests in a stable political order. Programs funded by the International Affairs Budget help countries strengthen democratic institutions and the rule of law. They help transitional countries fight corruption, encourage greater transparency, and monitor elections to ensure they are free and fair. These programs spread American democratic values abroad and help ensure that the rights of all citizens, especially ethnic minorities and women, are protected.

The International Affairs Budget assists countries building democratic institutions and good governance standards through numerous programs, such as the Middle East Partnership Initiative which fosters ties between civil society in the United States and the strategic region of North Africa and the Middle East. It provides core support for independent organizations such as the National Endowment for Democracy, created in 1983 by President Reagan, that makes grants to the International Republican Institute, the National Democratic Institute for International Affairs, the Center for International Private Enterprise, and the Solidarity Center.

KEY ACCOUNTS

- Democracy Fund
- National Endowment for Democracy
- U.S. Institute for Peace
- Asia Foundation
- East-West Center
- Commission on International Religious Freedom
- Commission on Security and Cooperation in Europe
- Congressional-Executive Commission on China
- Development Assistance (partial)
- Economic Support Fund (partial)
- Assistance to Europe, Eurasia, and Central Asia (partial)
- International Narcotics and Law Enforcement (partial)



INTERNATIONAL AFFAIRS BUDGET AT WORK:

Promoting Rule of Law in the Balkans



Since the end of violence and ethnic cleansing in the Balkans in the 1990s, the United States has played a critical role in stabilizing this strategic region by helping build new democratic institutions. The United States has supported numerous programs to promote the rule of law, anti-corruption,

conflict mitigation, and gender equality, youth, and human capacity development. One innovative program sought to promote popular understanding of the judiciary system through support for a weekly television courtroom drama called *Inside Justice*. It was the first educational TV series produced for a Kosovar audience, and its success has led it to be emulated in other parts of the world. Over time, the countries of the region have held democratic elections and become allies and strategic partners. Many have joined or applied to join NATO and contributed troops and assistance to U.S. and NATO missions in Afghanistan and Iraq.

Strengthening Elections in Jordan



In Jordan, a vital ally in one of the most volatile regions of the world, the United States has a vested interest in encouraging a stable and representative government. Both the National Democratic Institute and the International Republican Institute run programs that promote women's political participation, youth engagement, and civil society organizations in Jordan. Parliamentary elections in November 2010 showed progress when Jordan permitted international observers for the first time, as voters elected a new lower-house of Parliament under a new election law. U.S. monitors reported increased transparency at the local level, and

the number of women elected to serve in parliament was above the mandated quota, providing better representation and a sign of growing equality.

Reducing Global Poverty by Supporting Economic Growth and Well-Being

OVERVIEW

Promoting economic growth and reducing global poverty are key tenets of a more stable world which is beneficial to America's long-term security. Poor economies destabilize global economic order and create risks for their citizens and the countries around them. U.S. programs seek to strengthen international frameworks for economic engagement, promote global health, reduce infant and maternal mortality, improve education, and promote the well-being of vulnerable populations such as women, who have been shown to be the keys to development and growth.

The International Affairs Budget supports U.S. efforts to combat global poverty through numerous agencies and programs, including USAID, the State Department, the Department of Agriculture, and the Millennium Challenge Corporation. These agencies are the lead in the fight to reduce food insecurity through innovative approaches to agriculture, promote global health through vaccinations, treatment, and education, and support local economies that can improve the lives of billions of people around the world.

KEY ACCOUNTS

- Global Health and Child Survival
- Development Assistance
- Development Credit Authority
- Assistance for Europe, Eurasia, and Central Asia
- McGovern-Dole Food for Education Program
- Millennium Challenge Corporation
- Inter-American Foundation
- African Development Foundation
- Treasury Technical Assistance
- Economic Support Fund (partial)
- Debt Reduction (partial)
- Contributions to Multilateral Development Banks
- P.L. 480 Food Aid (partial)



INTERNATIONAL AFFAIRS BUDGET AT WORK:

PEPFAR: A Life-Saving Investment in Combating HIV/AIDS



The HIV/AIDS crisis takes a dramatic humanitarian toll, creates instability and threatens economic growth in the developing world. Since its launch in 2004 by President George W. Bush and continued with strong bipartisan support, the Presidential Emergency Plan for AIDS Relief (PEPFAR) has made significant progress in the fight against HIV/AIDS. Working in more than 30 countries, millions of lives have been saved as PEPFAR programs provide treatment previously unavailable and unaffordable across Africa and the developing world. In 2010 alone, 3.2 million people received life-saving treatment and over 114,000 babies were born HIV-free when their HIV-positive mothers received medication to prevent transmission of the disease to their children. This deadly disease has created an entire generation of orphans and vulnerable children in some countries, but thanks to PEPFAR nearly 4 million of them received care and support last year and now have an opportunity to thrive and succeed.

Helping End Hunger through New Agricultural Technologies



In dry areas of sub-Saharan Africa, an already unstable food supply has been threatened by a parasitic weed known as striga that affects sorghum, the preferred crop for subsistence farmers. Over 110 million hectares of cropland has been affected and controlling this invasive weed with herbicides and crop rotations is expensive and time consuming. To tackle this challenge, USAID funded a partnership between Purdue University and African farmers and researchers that led to the identification of new striga-resistant sorghum strains. These new seeds have already been dispersed in Senegal, Mali, Niger, Sudan and eight other countries in sub-Saharan Africa, helping to increase yields of this staple crop fourfold for over 100 million chronically malnourished people in the region.

Changing the Way We Do Global Development

In recent years, both Republican and Democratic administrations have recognized the need to reform U.S. global development policies. The Bush Administration, under the leadership of Secretaries Powell and Rice, sought to rebuild civilian capacity and launched the Millennium Challenge Corporation (MCC). Created in 2004 as an innovative approach to fight global poverty, the MCC focuses its efforts on stable countries with the most potential for significant



development gains and who have strong records of good governance and anti-corruption, economic freedom, and investments in their citizens. Its business model emphasizes host-country ownership, good governance, and grants to improve infrastruc-

ture and advance economic growth. The MCC has approved over \$7 billion for compacts in twenty-two countries, supporting projects focused on agriculture, transportation infrastructure, water supply, sanitation, and improved access to health and education.

For example, the former-Soviet Republic of Georgia was awarded a five-year MCC compact in 2005 for \$295 million (later increased to \$395 million) that focused on infrastructural development and investment in Georgia's promising agribusiness, which had suffered from years of neglect. The MCC compact awarded grants to rural entrepreneurs, increased access to modern technology, and improved farmers' access to market information. This program, to be completed in 2011, will have reduced poverty in rural regions, rehabilitated 171 kilometers of roads, renovated the North-South pipeline, and created 4,342 jobs. In 2010, the World Bank



rated Georgia one of the fastest reforming economies in the world, which has helped to make Georgia a strong ally and trading partner in this strategic region. U.S. trade with Georgia topped \$450 million in 2010.

The Obama Administration has built on these reforms. In 2009 the United States launched its first-ever strategic review of its global development policies and programs. President Obama issued a Presidential Policy Directive on Global Development in 2010 which advocates a vision of global development built around promoting "broad-based economic growth, democratic governance, game-changing innovations, and sustainable systems for meeting basic human needs."

Lessons learned from the MCC are being implemented throughout U.S. development programs, including initiatives to rebuild the U.S. Agency for International Development



which has been weakened by years of understaffing as demands upon it have grown. Led by Administrator Dr. Rajiv Shah, reforms known as USAID Forward were launched in

2010 with the aim of making U.S. development assistance more effective, efficient, and accountable through greater transparency, strengthening monitoring and evaluation, procurement reform, and a focus on innovation.

Responding to Humanitarian Disasters

OVERVIEW

The United States has been on the front lines in providing humanitarian relief for global disasters for decades, such as responding to the Asian tsunami in 2004, the earthquake in Haiti and floods in Pakistan in 2010. Global disasters create humanitarian crises for displaced and vulnerable peoples, risks of population migrations across borders, and political instability for fragile states in strategic regions.

The International Affairs Budget funds U.S. responses to devastating emergencies that ensure not only immediate relief, but also lay the groundwork for long-term recovery and rehabilitation. For example, USAID's Office of Foreign Disaster Assistance helps over 55 million people each year rebuild after natural disasters and other crises, bolstered by support from the State Department and the U.S. military. These joint efforts demonstrate U.S. leadership and humanitarian values in bringing stability to crisis-prone areas.

KEY ACCOUNTS

- International Disaster Assistance
- Migration and Refugee Assistance
- Emergency Refugees and Migration Assistance
- P.L. 480 Food Aid

"Development is critical if we're going to achieve our economic, our foreign policy, our security goals, and it needs to have standing in its own right. Our development work represents our country at its best – our core values that all too often are not as visible as they need to be."

GEORGE RUPP, PRESIDENT AND CEO, INTERNATIONAL RESCUE COMMITTEE



INTERNATIONAL AFFAIRS BUDGET AT WORK:

Coordinating Disaster Assistance after the South Asian Tsunami



Following the devastating tsunami that struck parts of South Asia and Indonesia in 2004, the United States responded with massive amounts of emergency food and medical relief, providing affected populations with food, shelter, clean water, child protection, and physical and mental healthcare assistance. USAID coordinated much of the initial

assistance with crucial logistical support from the U.S. military. Following the initial emergency relief, U.S. efforts shifted to the combined efforts of USAID, the State Department, and partner non-governmental organizations that focused on the long term rebuilding of the affected regions. This coordinated approach—combining the military's rapid response and logistics with the disaster response expertise of our civilian agencies and partners — demonstrates how America's military and civilian branches can work together to save lives when disaster strikes.

Responding to Population Displacement with Humanitarian Relief



In 1992, political unrest and conflict in Azerbaijan resulted in the displacement of nearly 1,000,000 people who fled from their homes. Due to the overwhelming numbers, a new village was established by the government to house displaced people but was initially unequipped with the necessary facilities to provide basic care like immunizations and health education. The United States responded

by funding local health councils charged with creating a plan to improve children's health in their own community. Over the course of a year and a half, members of the community were trained in basic health care and in the value of vaccines. Not only did refugees gain access to basic health care, but health councils and local citizens subsequently organized themselves to convince the Azeri Ministry of Health to provide regular vaccinations to children.

Strengthening Civilian Capacity to Advance U.S. Interests

OVERVIEW

America's civilian tools of diplomacy and development are critical for ensuring America's leadership in the world, responding to the threats of the 21st century and defusing crises before they require military intervention. The challenges facing America's diplomats and development professionals are greater than ever, as today's global threats are no longer military conflict between nations but include international terrorism, pandemics, and political instability. Yet our civilian agencies have seen dramatic reductions in staff size and capacity in recent decades. Whereas USAID had nearly 18,000 people running programs in Latin America, Southeast Asia, and Africa in 1968, it now has fewer than 9,000 employees who must manage operations around the globe.

When Secretary of State Hillary Clinton initiated the first ever Quadrennial Diplomacy and Development Review (QDDR) in 2009, she built on previous initiatives of Secretary Colin Powell and Secretary Condoleezza Rice to modernize our civilian-led agencies. At a time when the U.S. missions in frontline states such as Iraq and Afghanistan are transitioning from a military to civilian leadership, the International Affairs Budget must ensure sufficient resources so that America's civilian agencies can rebuild and recruit qualified people to meet these challenges and implement reforms already underway.

KEY ACCOUNTS

- Diplomatic and Counselor Programs
- USAID Operating Expenses
- Capital Investment Funds
- Inspector Generals
- Representation Allowances
- Protection of Foreign Missions and Officials
- Embassy Security, Construction, and Maintenance
- Emergencies in the Diplomatic and Consular Services
- Buying Power Maintenance
- Repatriation Loans
- American Institute in Taiwan

"We must use what has been called 'smart power', the full range of tools at our disposal — diplomatic, economic, military, political, legal, and cultural — picking the right tool, or combination of tools, for each situation."

SECRETARY OF STATE HILLARY CLINTON



INTERNATIONAL AFFAIRS BUDGET AT WORK:

Building a Diplomatic Corps for the 21st Century



In the 21st century, the United States must ensure that its diplomats have the right set of skills, languages, and training needed to meet today's global challenges. Yet the diplomatic corps has suffered from years of understaffing at the same time that the challenges have changed and grown. Currently, USAID staffing is less than 25% of its levels during the height of the Cold War (in the 1960s).

Building on Secretary Powell's Diplomatic Readiness Initiative in 2001, Secretary Rice renewed efforts to expand and reward additional Foreign Service training. Her Transformational Diplomacy initiative began to re-orient America's civilian posture from the Soviet threat to new challenges and opportunities in the Middle East, Africa, and Asia. The QDDR initiated by Secretary Clinton endorsed the need for new expertise, creating opportunities for overseas deployment of the civil service and linking career advancement with inter-agency leadership and experience.

Transitioning to Civilian Control in Iraq



As combat troops are withdrawn, the mission in Iraq is moving to civilian control, creating ever greater challenges for maintaining stability and ensuring that recent gains are not lost. 8,000 State Department and USAID employees have been charged with maintaining diplomatic relations, conducting security and police force training, and promoting good governance. Duties shifting from military to civilian control

include convoy security, clearing travel routes, and overseeing reconstruction and economic development, all of which require more and better trained personnel now and in the future.

Leveraging Partnerships

OVERVIEW

The United States exerts leadership on many of today's global challenges, but it cannot solve all the threats to peace and stability it faces alone. While the United States had been the biggest donor in multilateral assistance institutions for years, the share of American contributions has declined as other donors have increased their contributions. The British, for example, are now the largest contributor to the World Bank's International Development Association, and Japan has provided nearly five-times more resources to the Asian Development Fund than the United States. Some countries which had been aid recipients of multilateral institutions now contribute to the World Bank, including South Korea and, since 2008, China.

The International Affairs Budget funds programs that effectively serve as force multipliers to hold our partners more accountable and create a greater return on our own investments, whether through multilateral agencies like the World Bank or the private sector and foundations. For every dollar the United States invests in the World Bank, for example, \$26 of assistance is delivered through its programs.

KEY ACCOUNTS

- Contributions to International Organizations
- Voluntary Contributions to International Organizations and Programs
- World Bank
- Clean Technology Fund
- Global Environment Facility
- Inter-American Development Bank
- Asian Development Bank
- African Development Bank
- European Bank for Reconstruction and Development
- International Fund for Agricultural Development
- International Monetary Fund
- Global Food Security Fund
- Clean Technology Fund
- Strategic Climate Fund
- Debt Reduction
- Development Assistance/Global Development Alliance (partial)
- Global Health and Child Survival (Global Fund for AIDS, Tuberculosis, and Malaria, and the Global Alliance for Vaccines and Immunizations)



INTERNATIONAL AFFAIRS BUDGET AT WORK:

Creating Opportunities for Public-Private Partnerships



The U.S. Global Development Alliance seeks to create opportunities for public-private partnerships on economic development projects such as the Brazil Responsible Sourcing Project. Corporate partners Wal-Mart, Transfair USA, and the Brazilian company Sembrae-MG contributed \$1.9 million of their own money and leveraged U.S. expertise to the benefit of over 680 small farmers and their families. Their partnership increased exports of organic and fair trade coffee by over 350% and improved the lives of over 30,000 people, while also helping their own bottom lines.

U.S. Contributions Leverage More Pledges for Food Security



The 2007-08 food riots in several developing nations, something not seen in decades, highlighted the dangers of food insecurity for global stability and growth. Leaders at the 2009 G-8 Summit in LAquila, Italy, agreed on a strategy to address the problem through sustainable agricultural development in food insecure nations. Initially, it was expected that G8 and EU countries

would contribute \$12 billion to the Initiative. After the United States announced it would make a major contribution of \$3.5 billion, however, other G8 and EU countries pushed their commitments higher than anticipated, bringing the total initiative to \$22 billion.

SOUTH KOREA BECOMES A DONOR THROUGH ECONOMIC GROWTH

Successful development projects and broad economic growth have helped many countries transition from assistance recipient to assistance donor. One of the biggest development success stories is South Korea. Between 1945 and the early 1990s, South Korea received sustained international assistance that supported dramatic economic growth, ultimately "graduating" from the World Bank lending list as a recipient country in 1995. Today it has the 13th largest GDP in the world and has become a donor country. South Korea is currently the seventh-largest trading partner of the United States with two-way trade between the countries totaling \$65.7 billion and the two nations signed the KORUS Free Trade Agreement in 2010. South Korea also recently joined the United States, Canada, Spain, and the Bill and Melinda Gates Foundation in contributing to the World Bank's new Global Agriculture and Food Security Program, set up in response to calls at the G20 meetings for members to help other countries escape from poverty.

Promoting Public Diplomacy and Cultural Exchange

OVERVIEW

Public diplomacy and programs that support people-to-people exchange have become an increasingly vital part of U.S. engagement abroad as communication and connections beyond traditional state channels have multiplied and grown in importance. Today the United States must engage not only with governments, but with their people when public opinion can influence our ability to pursue U.S. interests abroad.

The International Affairs Budget funds programs that foster dialogue and build person-to-person relationships on a wide range of issues around the world. These programs increase our understanding and appreciation of foreign cultures, as well as improve understanding of the United States abroad. They foster service through educational and professional exchange programs, increase cross-cultural communication, and strengthen America's place in the interconnected world of the 21st century.

KEY ACCOUNTS

- Educational and Cultural Exchange Programs
- Diplomatic and Consular Programs/Public Diplomacy (partial)
- Broadcasting Board of Governors
- Broadcasting Capital Improvements
- Center for Middle East-Western Dialogue
- Israeli-Arab and Eisenhower Exchange Programs
- International Ireland Fund
- Commission for the Preservation of American Heritage Abroad
- Peace Corps

"The Peace Corps represents some, if not all, of the best virtues in this society. It stands for everything that America has ever stood for. It stands for everything we believe in and hope to achieve in the world."

SARGENT SHRIVER, FOUNDING DIRECTOR, PEACE CORPS



INTERNATIONAL AFFAIRS BUDGET AT WORK:

Fulbright Scholarships Foster Cultural and Academic Exchange



The prestigious Fulbright International Exchange Program has sent U.S. students abroad and brought international scholars to the United States since 1945, fostering cultural exchange and opportunities for person-to-person diplomacy. In 2010, approximately 8,000 scholar-ambassadors taught and learned languages, and conducted research in 155 countries. The

Fulbright program and other cultural exchanges help broaden our own understanding of the world while also helping others gain a better perspective of the United States. Notable individuals who have earned Fulbright Scholarships to the United States and gone on to positions of international leadership include the Foreign Secretary of India S.M. Krishna, President of Ghana John Atta Mills, and Chilean President Sebastian Piñera.

Peace Corps Celebrates 50 Years



In the 50 years since the Peace Corps was started in 1961 by President John F. Kennedy, over 200,000 volunteers have been sent to 139 countries. Recruitment has always been strong, as Americans demonstrate their compassion and willingness to extend goodwill in some of the most remote parts of the world. Volunteers typically commit to two year community development projects in public health, economic development, and language education at the request of the countries and communities in which they serve. Today there are 8,655 volunteers serving in 77 countries. Through new procedures for monitoring and evaluation, the Peace Corps reports that 98 percent of all projects last year were effective in meeting the expressed needs of the host country.

APPENDIX 1 At a Glance

This snapshot of recent, current and proposed funding levels of major International Affairs Budget categories provides an overview of how funding is divided among the ten sections outlined above. Many International Affairs Budget accounts serve multiple foreign policy and national security objectives and cannot be entirely assigned to a single category. Therefore, the tables below note that funds from other International Affairs Budget accounts also contribute to achieving the goals sought under each respective category (noted as Related). Thus, this division of funding accounts should be viewed as illustrative and should not be considered as a precise or definitive allocation of International Affairs Budget resources.

For FY2012, the Administration proposes to separate the International Affairs Budget into two streams of funding: the first for continuing “core” activities, and the second for extraordinary and temporary resource needs for the frontline states of Afghanistan, Pakistan, and Iraq. The latter are contained in a new Overseas Contingency Operations (OCO) account. The FY2012 levels below do not include OCO funding and amounts for FY2010 actual and FY2011 CR have been adjusted to exclude OCO amounts as well.

	FY2010 Actual (Base, Forward Funding and Supplementals)	FY2011 Continuing Resolution (through March 18)	FY2012 Core Request
Total International Affairs Budget (\$s – millions)	\$51,342	\$49,428	\$52,948
Stabilizing Weak and Fragile States			
Civilian Stabilization Initiatives	\$150	\$150	\$92
Contributions to Int’l Peacekeeping	\$2,125	\$2,125	\$1,920
Peacekeeping Operations	\$332	\$332	\$292
Transition Initiatives	\$55	\$55	\$56
Complex Crisis Fund	\$50	\$50	\$75
Pakistan Counterinsurgency Fund	\$0	\$700	\$0
TOTAL	\$2,712	\$3,412	\$2,435
Other Related Accounts: Economic Support Fund*; Development Assistance*; Democracy Fund; International Narcotics and Law Enforcement; Foreign Military Financing.*			
*Programs funded by the ESF, Development Assistance, and FMF accounts support multiple aid objectives and are listed in several categories. ESF and FMF primarily target countries and activities of strategic importance and are listed as Core Accounts under Supporting Strategic Partners, although with the acknowledgment that they provide substantial resources for efforts to stabilize weak and fragile states. Development Assistance primarily focuses on the poorest countries, supporting agriculture, education, water, environment, microenterprise, and related programs, and is listed as a Core Account under Reducing Global Poverty.			

	FY2010 Actual (Base, Forward Funding and Supplementals)	FY2011 Continuing Resolution (through March 18)	FY2012 Core Request
Supporting Strategic Partners			
Foreign Military Financing	\$5,470	\$5,160	\$5,550
Int’l Military Education & Training	\$108	\$108	\$110
Economic Support Fund (State and USAID)	\$6,570	\$6,344	\$5,969
TOTAL	\$12,148	\$12,612	\$11,629
Combating Global Threats			
International Narcotics Control & Law Enforcement	\$1,848	\$1,597	\$1,512
Nonproliferation, Anti-Terrorism, Deming and Related Programs	\$754	\$754	\$709
TOTAL	\$2,602	\$2,351	\$2,221
Other Related Accounts: Development Assistance; “Alternative Development.”			
Promoting U.S. Exports and Creating American Jobs			
U.S. Trade and Development Agency	\$55	\$55	\$56
Overseas Private Investment Corporation*	(\$203)	(\$218)	(\$188)
U.S. Export-Import Bank*	\$2	\$3	(\$213)
International Trade Commission	\$82	\$82	\$87
Foreign Claims Settlement Commission	\$2	\$2	\$2
TOTAL	(\$62)	(\$76)	(\$256)
Other Related Accounts: Development Assistance; “Trade Capacity Building.”			
*Figures in parentheses represent revenue, as OPIC and Export-Import Bank collect receipts for their services, amounts that in many years exceed costs they incur.			

At a Glance continued

	FY2010 Actual (Base, Forward Funding and Supplementals)	FY2011 Continuing Resolution (through March 18)	FY2012 Core Request
Promoting Good Governance and Rule of Law			
Democracy Fund	\$120	\$120	\$0*
National Endowment for Democracy	\$118	\$118	\$104
U.S. Institute for Peace	\$49	\$49	\$43
Asia Foundation	\$19	\$19	\$15
East-West Center	\$23	\$23	\$11
TOTAL	\$329	\$329	\$173
Other Related Accounts: Development Assistance; Economic Support Fund; Europe, Eurasia, and Central Asia; International Narcotics and Law Enforcement.			
*Democracy Fund for FY2012 is requested under Development Assistance			
Reducing Global Poverty and Promoting Economic Growth			
Global Health/Child Survival	\$7,829	\$7,779	\$8,716
Contribution to the Global Fund for AIDS*	\$300	\$300	\$300
Development Assistance	\$2,520	\$2,520	\$2,918
Development Credit Authority	\$9	\$9	\$8
Europe, Eurasia, & Central Asia	\$742	\$742	\$623
McGovern-Dole Food for Education	\$210	\$210	\$210
Millennium Challenge Corporation	\$1,105	\$1,105	\$1,125
Inter-American Foundation	\$23	\$23	\$19
African Development Foundation	\$30	\$30	\$24
Treasury Technical Assistance	\$25	\$25	\$30
TOTAL	\$12,793	\$12,743	\$13,973
Other Related Accounts: Economic Support Fund; Debt Reduction; Contributions to Multilateral Development Banks; P.L. 480 Food Aid (non-emergency).			
*This represents the portion of the U.S. contribution provided within the Health and Human Services appropriation. The balance, and larger share, is funded within the Global Health/Child Survival account included above.			

	FY2010 Actual (Base, Forward Funding and Supplementals)	FY2011 Continuing Resolution (through March 18)	FY2012 Core Request
Responding to Humanitarian Disasters and Emergencies			
International Disaster Assistance	\$845	\$845	\$861
Migration and Refugee Assistance	\$1,693	\$1,693	\$1,605
Emergency Refugees & Migration Assistance	\$45	\$45	\$32
P.L. 480 Food Aid	\$1,690	\$1,690	\$1,690
TOTAL	\$4,273	\$4,273	\$4,188
Strengthening Civilian Capacity			
Diplomatic and Counselor Programs*	\$6,870	\$6,887	\$7,570
USAID Operating Expenses	\$1,389	\$1,389	\$1,503
Capital Investment Funds	\$324	\$324	\$314
Inspector Generals	\$110	\$103	\$117
Representation Allowances	\$8	\$8	\$8
Protection of Foreign Missions and Officials	\$28	\$28	\$28
Embassy Security/ Construction/Maintenance*	\$1,815	\$1,724	\$1,802
Emergencies, Diplomatic & Consular Services	\$10	\$10	\$10
Buying Power Maintenance	\$9	\$9	\$0
Repatriation Loans	\$1	\$1	\$2
American Institute in Taiwan	\$21	\$21	\$23
TOTAL	\$10,585	\$10,504	\$11,377

At a Glance continued

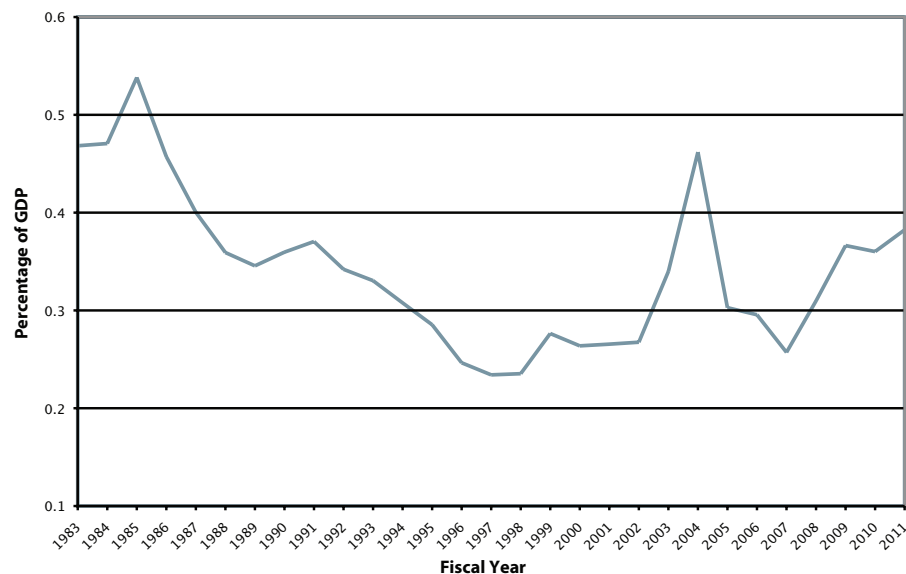
	FY2010 Actual (Base, Forward Funding and Supplementals)	FY2011 Continuing Resolution (through March 18)	FY2012 Core Request
Leveraging Partnerships			
Contributions to International Organizations	\$1,683	\$1,683	\$1,619
Voluntary Contributions to International Organizations	\$394	\$394	\$349
World Bank*	\$1,263	\$1,263	\$1,476
Global Environment Facility	\$87	\$87	\$144
Inter-American Development Bank*	\$30	\$30	\$147
Asian Development Bank *	\$105	\$105	\$221
African Development Bank *	\$155	\$155	\$227
European Bank for Reconstruction & Dev	\$0	\$0	\$0
Global Food Security Fund	\$0	\$0	\$308
Clean Technology Fund	\$300	\$300	\$400
Strategic Climate Funds	\$75	\$75	\$190
International Monetary Fund	\$0	\$0	\$0
Debt Reduction	\$60	\$60	\$15
Multilateral Debt Relief Initiative	\$0	\$0	\$175
International Fund for Agricultural Development	\$30	\$30	\$30
TOTAL	\$4,182	\$4,182	\$5,301
Other Related Accounts: Development Assistance/Global Development Alliance.			
*Funding totals for these multilateral development banks include all departments within the banks to which the U.S. contributes.			

	FY2010 Actual (Base, Forward Funding and Supplementals)	FY2011 Continuing Resolution (through March 18)	FY2012 Core Request
Promoting Public Diplomacy and Cultural Exchange			
Educational and Cultural Exchange Programs	\$635	\$635	\$637
Broadcasting Board of Governors	\$734	\$734	\$754
Broadcasting Capital Improvements	\$13	\$13	\$13
Center for Middle East-Western Dialogue	\$1	\$1	\$1
Israeli-Arab and Eisenhower Exchange Programs	\$1	\$1	\$1
International Ireland Fund	\$17	\$17	\$440
Peace Corps	\$400	\$400	\$2.5
TOTAL	\$1,784	\$1,784	\$1,846
Other Related Accounts: Diplomatic and Consular Programs/Public Diplomacy.			

Three Decades at a Glance

Over 60 years ago, the United States launched the Marshall Plan, often seen as the first modern U.S. foreign assistance program and the most successful civilian-led investment of American resources overseas that helped rebuild Europe. The decades that followed, however, were marked by uneven funding for international affairs, as military options became the primary tool of addressing Cold War threats. Surges in international affairs budgets were mainly in reaction to unanticipated security threats, that once addressed, were followed by sharply reduced spending, a cycle that has repeated itself several times in the past half-century.

International Affairs Budget as a Percentage of GDP 1983-2011

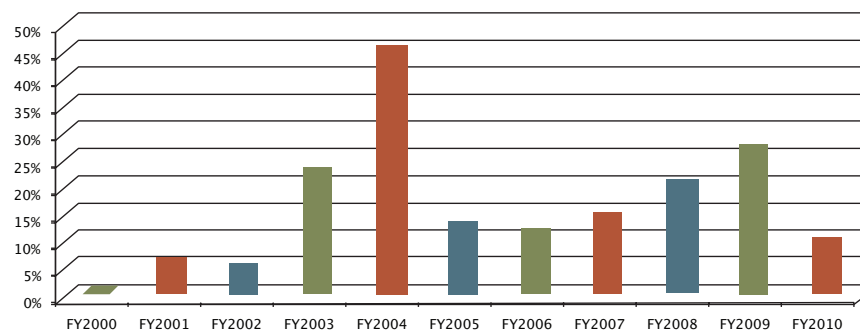


The attacks of September 11 altered the thinking of U.S. policymakers, bringing focus to the critical role of civilian-led diplomatic and development activities in advancing American interests. Not only was it clear that the United States faced growing threats from extremists, but it also confronted challenges from globalization, the explosion of new technologies, social unrest driven by poverty and lack of opportunities around the globe, and the potential spread of disease, international crime, and illegal arms transfers. In recognition of this new definition of American national security, the last three Secretaries of State of both political parties have pressed for and begun to achieve success in elevating civilian tools of U.S. national security and the resources necessary to sustain them.

THE CHALLENGES OF BUDGETING THROUGH SUPPLEMENTAL APPROPRIATIONS

The International Affairs Budget, like the Defense Budget, has been susceptible to the need for supplemental budget appropriations in order to respond appropriately to unanticipated circumstances. Support for the Camp David Accords in 1979, humanitarian relief in the face of a severe famine in Africa in the mid-1980s, the response to end of the Soviet Union in the late 1980s, security aid to strategic Middle East partners during the Persian Gulf War in the early 1990s, and reconstruction in Central America following Hurricane Mitch in 1999 all required additional resources outside of the regular or “base” budget for International Affairs. Since September 11, however, much larger proportions of the International Affairs Budget have come through supplemental bills on a more routine basis, largely in response to counter-terrorism, reconstruction for Iraq and Afghanistan, and an unusual number of natural disasters.

Percentage of International Affairs Budget in Supplemental Spending Bills



Early in his Administration, President Obama announced a budget change, whereby all anticipated International Affairs Budget requirements would be included in the regular (or base) request, leaving supplemental requests only for global emergencies. Thus, the FY2010 regular request included significantly higher amounts for diplomatic operations and assistance programs in Iraq, Afghanistan, and Pakistan and larger levels for several humanitarian emergency relief accounts that, in the past, had received resources in supplemental requests. Although a new Afghan strategy and a massive earthquake in Haiti ultimately required passage of supplemental International Affairs funding in FY2010, the proportion represented by additional resources relative to total International funding fell from 21% in FY2008 and 28% in FY2009 to 11% in FY2010.

Three Decades at a Glance

Congress and the Administration are considering numerous options for addressing the nation's fiscal crisis while maintaining a strong and adequately resourced national security—comprised of both military and civilian investments. It is often not understood that as a consequence of the shift to include all international affairs funding in base budget requests, recent calls to return to earlier (e.g. 2008) funding levels would disproportionately cut international affairs if the supplemental funding is not accounted for in those earlier funding levels.

INTERNATIONAL AFFAIRS BUDGET IS A CRITICAL COMPONENT OF NATIONAL SECURITY FUNDING

Since 2007 under President George W. Bush, every Administration's annual budget request has presented the International Affairs Budget as part of the United States' comprehensive funding for national security. President Bush noted in his 2008 submission that "Enhanced diplomatic efforts will work to support our national security goals with additional resources dedicated to strengthen democratic institutions, promote economic opportunity, and improve self-sufficiency while also building the capacity of our allies to contribute to this effort, through key anti-terrorism and security assistance initiatives." More recently, President Obama observed that his 2011 budget request recognized "that diplomacy and development activities are instrumental in promoting U.S. National Security interests and provides critical funding necessary to support greater civilian capacity to meet expanded roles."

As Members of Congress and policymakers grapple with very constrained budgets in the years ahead, a strong, integrated, and multi-faceted strategy to pursue U.S. national security goals must be backed by budget allocations that ensure strong and effective Defense, International Affairs, Homeland Security and Veterans programs as fundamental pillars of protecting U.S. national security priorities.

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