

**U.S. Global Leadership Coalition**  
International Affairs Budget Update  
February 14, 2011

**USGLC Commends the Administration's FY2012 International Affairs Budget as  
Critical Part of National Security Budget**

**House Appropriations Committee's Spending Cuts for FY2011  
Raise Serious Concerns**

The USGLC applauds the Administration's FY2012 International Affairs Budget request as a critical investment in America's national security. At a time of intense pressures to cut spending and in the context of an overall freeze on non-security funding, the President has presented an International Affairs Budget that protects America's security interests and maintains U.S. global leadership while also reflecting the need to be more efficient and responsible with every dollar spent.

The President's FY2012 request comes at a time of great uncertainty for FY2011 spending levels with a vote expected later this week in the House of Representatives to cut \$100 billion from discretionary programs. While both the President's budget request and the House Appropriations proposal focus on curtailing spending, they offer different views as to how to achieve fiscal constraint.

As for the International Affairs Budget, one of the most significant differences is how the Administration and House Appropriators categorize these programs. For the past five budgets, Republican and Democratic Administrations have grouped International Affairs within a cluster of spending categories that collectively make up the U.S. National Security budget. This bipartisan recognition of the critical role our civilian agencies contribute to our national security mirrors the calls from military voices including Secretary of Defense Bob Gates, Joint Chiefs of Staff Admiral Michael Mullen, and General David Petraeus.

As a result, the Administration's request exempts the International Affairs Budget from President Obama's proposal to freeze non-security spending for five years while the House proposal categorizes these programs as non-security funding, cutting the civilian programs far greater than other security agencies.

**House FY11 Proposals Raise Serious Concerns**

Legislation introduced last week by the House Appropriations Committee is of serious concern as it inflicts **a significant 19% cut** to pending FY2011 International Affairs spending levels. The proposed levels in the House would weaken many of the important bipartisan achievements made over the past several years, such as:

- Jeopardize critical national security investments in Afghanistan, Pakistan, and Iraq. Although the Committee says its bill protects these priorities, the funding is drawn from an account that decreases by 19% from FY2010 levels, raising questions as to whether U.S. national security interests could be adequately resourced.
- Reverse bipartisan efforts to bolster civilian capacity to assume responsibilities that have been carried out by our military at a higher cost. The House mark cuts State Department and USAID operating funds by 14% from FY2010 levels.

- Diminish America’s ability to uphold its moral obligation by responding quickly and effectively to global disasters, such as the Haiti earthquake last year. The House mark reduces U.S. humanitarian assistance programs by 41% from FY2010 amounts.
- Cripple the Feed the Future Initiative, a food security investment that will help populations lift themselves out of poverty and reduce the need for foreign aid in the future.
- Endanger lives by reducing resources for global health programs by 11%.
- Constrain U.S. leadership and limit the ability to leverage resources from other nations that address common global challenges by cutting multilateral investments by 63% from FY2010.

**FY12 Request Highlights Savings from Military Drawdown**

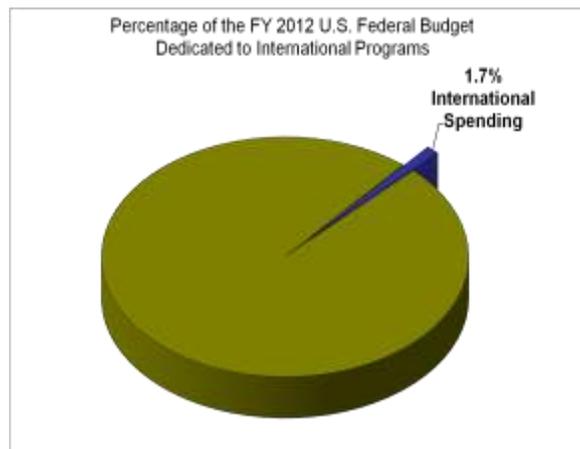
As part of the Administration’s \$3.73 trillion FY2012 Budget, the International Affairs request for the first time is divided into two parts that mirror how the Defense Department has organized its budget for several years. The request includes a “core” budget and an “Overseas Contingency Operations (OCO)” account, separating the core programs from those aspects of the budget that address extraordinary, temporary expenses related to the growing civilian responsibilities in the Frontline states of Afghanistan, Pakistan, and Iraq.

The most significant aspect to this new framework is the whole-of-government savings from the combined military-civilian OCO funds. As civilian efforts ramp up in the Frontline states, Department of Defense (DOD) resource needs fall dramatically. As a result, total OCO funding will decline by 25%, or \$41 billion, from FY2010 levels.

The \$53.1 billion “core” budget, by far the largest component, would increase by only 3.1% in FY2012 compared with the FY2010 base appropriation. The second component – the Overseas Contingency Operations (OCO) account -- includes \$8.7 billion reflecting major policy shifts related to the transfer of substantial responsibilities from DOD to the State Department in these countries. The \$3.6 billion increase (+70%) from FY2010 levels, however, is almost entirely (\$3.3 billion) the result of shifting responsibilities and budget authority from the Pentagon to the State Department and USAID for police training in Iraq, building counterinsurgency capacity in Pakistan, and bolstering State’s ability to operate more extensively with adequate security in Iraq as U.S. military forces withdraw.

**The entire increase for the International Affairs Budget represents a mere 0.14% of the overall FY12 Budget request.** Putting this in perspective:

- The entire International Affairs Budget is a mere **1.7%** of the total FY2012 Budget.
- As both Republican and Democratic Administrations have done the past four years, the International Affairs Budget, along with Defense, Homeland Security and Veterans Affairs, is included as part of the broader U.S. National Security budget, representing **7.1%** of that total.
- At this level of funding, the International Affairs Budget represents only **0.38%** of GDP.

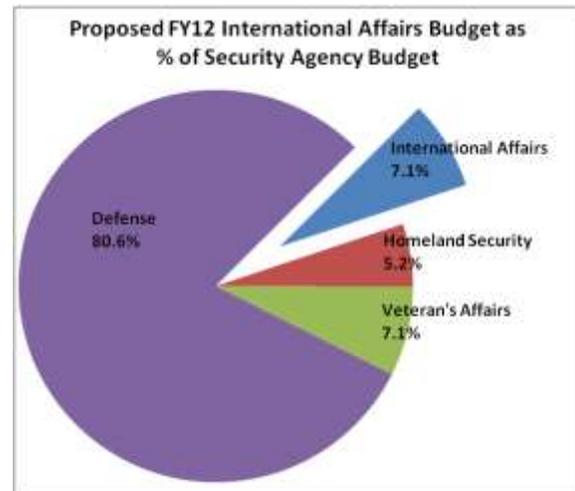


### About This Update

The USGLC will continue to update this analysis as additional information becomes available in the coming weeks on both the Administration's FY2012 request and congressional action on FY2011 appropriations. In the meantime, unless otherwise noted, budget comparisons are based on the FY2012 request relative to the FY2010 enacted base appropriation, which consists of the regular appropriation bill, supplementals for the Frontline states, and "forward funding" that was appropriated in FY2009, but intended for FY2010 requirements.

### Included in this Update:

1. USGLC Statement
2. Methodology of Budget Update
3. Overview: FY2011 Appropriations Battle
4. Overview: FY2012 Request
5. Highlights: FY2012 Request
6. Notable Programs & Reforms
7. Account-by-Account Detail of Core Request
8. Additional Information and Resources



## 1. USGLC STATEMENT ON THE PRESIDENT'S FY 2012 BUDGET REQUEST

The USGLC applauds the Administration for continuing its commitment to increase investments in the U.S. International Affairs Budget. In a time of very constrained funding, the President's request strongly reinforces the on-going bipartisan commitment of Congress and the Administration to invest in the non-military tools of development and diplomacy that are essential to strengthening our national security, spurring economic growth, and demonstrating our humanitarian values. The FY2012 International Affairs Budget is a cost-effective investment in protecting America's national interests, and we urge Congress to fully support the request.

A fraction of U.S. spending totaling 1.7% of the total federal budget, the FY12 International Affairs Budget request is critical to deterring threats before they reach America's shores, responding to humanitarian crises, and creating jobs here in the U.S. by building new business markets overseas. **USGLC Honorary Chair and former Secretary of State Colin L. Powell** stated that "To meet the global challenges our nation faces, today, we must invest in our diplomatic and development resources. Even though budgets are tight, I support the President for recognizing the International Affairs budget as a critical part of our national security funding."

The Administration's modest increases for the International Affairs Budget are a solid investment in our national and economic security for the American people. Most of the increases reflect the growing role for civilian operations in the frontline states of Afghanistan, Iraq and Pakistan in coordination with our military. Many other programs within the budget received little or no increase, and even some decreases.

Click [here](#) to read the full USGLC press release and other statements of support.

## 2. METHODOLOGY OF USGLC BUDGET UPDATE

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Each year when the White House releases its budget request for the next year, there are frequently new initiatives, changes in accounting methodologies, and other anomalies that can make clear-cut comparisons between years difficult and confusing. The FY2012 proposal is no exception, and in some ways the ability to draw solid conclusions this year about how the budget stacks up with past spending is even more complicated than usual.

The difficulty in budget comparisons this year is largely due to three factors:

1. No appropriation for FY2011 has been enacted making comparisons with current year spending tentative and in some ways misleading;
2. The creation of the Overseas Contingency Operations (OCO) account in the FY12 request and treatment of Frontline state resources separate from “core” or continuing International Affairs activities; and
3. Differing and complicated methodologies for determining a comparative baseline in FY2010 (the most recently enacted appropriation).

Moreover, the Administration and the House are at odds over where to place the International Affairs Budget within the broad discretionary categories of Security and Non-Security funding, something that has significant implications for how International Affairs spending is treated in today’s constrained resource environment.

Total International Affairs resources in FY2010 came from multiple sources:

- The bulk were approved as part of a regular omnibus spending measure;
- Additional \$6.3 billion in supplemental appropriations for Frontline states, Haiti earthquake relief, and other unexpected needs;
- In FY2009 Congress provided an additional \$1.8 billion in what was called “forward funding” for the FY2010 International Affairs Budget. These funds were intended to fill resource gaps anticipated for FY2010 regarding military assistance for Israel and other security-related requirements.

Because of these multiple funding streams for FY2010, there are differing methodologies for determining the FY2010 baseline. The most accurate base methodology would be to combine the omnibus amount, continuing needs funded in the supplemental (but not one-time needs such as for Haiti), and forward funding from FY2009. Consequently, all comparisons in this assessment are made to an FY2010 base that includes \$51.0 billion from the omnibus appropriation, \$3.7 billion from supplementals that are largely for Frontline states, and \$1.8 billion in forward funding totaling \$56.5 billion. This base includes both the Core and OCO amounts. For the discussion in this brief, nearly all comparisons of the FY2012 request are drawn against the enacted FY2010 base and references FY2011 only when appropriate.

## 3. OVERVIEW: FY11 APPROPRIATIONS BATTLE

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The FY12 Budget request comes out at the exact same time that the House of Representatives is tackling the unfinished FY11 Appropriations. The result is a complicated set of numbers and political posturing – with agreement on the need to scale back spending, but vastly different stories on how to achieve fiscal discipline. The story of the International Affairs Budget is no exception.

**FY2011 Appropriations Unfinished: Outcome Highly Uncertain.** Nearly five months into the fiscal year, Congress and the Administration have not been able to reach an agreement on spending levels for FY2011. By the end of last year, most of the FY2011 funding allocations for the International Affairs Budget had been set at the subcommittee and committee level, but neither the House nor Senate had voted on any appropriation bills. The government is operating under the terms of a temporary Continuing Resolution (CR) that expires on March 4, 2011, when Congress must either enact permanent spending measures or extend the current CR. For International Affairs, the CR sets spending at FY2010 regular appropriation levels (no supplementals included), but with the addition of \$2.1 billion to address special needs for Israel, Egypt, Jordan, Pakistan, and Iraq.

On February 11, the House Appropriations Committee took its first step to finalize FY2011 appropriations by introducing a measure that cuts total discretionary spending by \$61 billion compared with FY2010 base levels and \$100 billion below the President's FY2011 request. The Senate has not yet addressed the FY2011 spending levels. The table below shows the various points of reference and illustrates the range for FY2011 that exist.

**International Affairs Budget Comparisons (\$s – billions)**

FY10 Adjusted Base	FY11 Request	FY11 Current CR	FY11 House CR
\$56.5	\$58.8	\$52.9	\$46.0

The House Committee action puts the International Affairs Budget **19% below the FY2010 enacted base** (and 13% less than the current FY2011 CR). Among the House Appropriations Committee's cuts compared with FY2010 base appropriations are the following:

- Development Assistance: - 30% (significantly affecting the Feed the Future Initiative)
- Global Health: - 11%
- Millennium Challenge Corporation: - 29%
- Humanitarian aid: - 42%
- Multilateral assistance: - 40%
- International Peacekeeping: - 11%
- Economic Support Fund: - 9% (account that provides resources to Frontline states)

House debate on the new FY2011 CR is expected to begin tomorrow and last for the remainder of the week. It is expected that the House majority will offer several further cutting amendments under what is expected to be an open rule. House appropriators have included a spending reduction account, aka "deficit reduction lockbox" at the end of each FY2011 appropriations bill. Essentially, if an amendment passes that reduces funding within an appropriations bill, the savings will go into the lockbox and cannot be reallocated to any other accounts elsewhere in the bill.

It is unclear just how the Senate will deal with House action and most observers expect that both chambers will need to pass another short-term CR as negotiations continue. *USGLC will provide additional details on the FY2011 deliberations as they become available.*

**International Affairs Budget as part of National Security Spending.** The House's proposed 19% cut to International Affairs funding is severely disproportionate to other elements of U.S. national security, raising concerns about maintaining adequate resources to protect America. For the past five budgets, Administrations have grouped International Affairs within a cluster of spending categories – Defense Department, Homeland Security, and Veterans Affairs – that

collectively make up the U.S. National Security budget. For International Affairs, it is a clear recognition of the importance of foreign policy spending in support of our nation’s vital security and a reaffirmation of the three pillars of America’s national security – Defense, Diplomacy, and Development – first articulated by President George W. Bush in 2002 and continuing today.

This distinction is also important from the perspective of how the security and non-security portions of the budget are treated. Presidents of both parties have strongly believed that maintaining a strong military and bolstering the civilian-led tools of development and diplomacy are necessary to protect America. As a result, the International Affairs Budget is exempt from President Obama’s proposal to freeze non-security spending for five years.

The House Appropriators also divided their FY11 appropriation bills into security and non-security categories. However, the House panel grouped International Affairs with non-security spending, leading to deep cuts. Within the non-security category, six domestic appropriation measures are reduced between 11% and 23%, International Affairs falling roughly in the middle, while the security accounts remain nearly flat.

#### 4. OVERVIEW: PUTTING THE FY 2012 INTERNATIONAL AFFAIRS BUDGET IN PERSPECTIVE

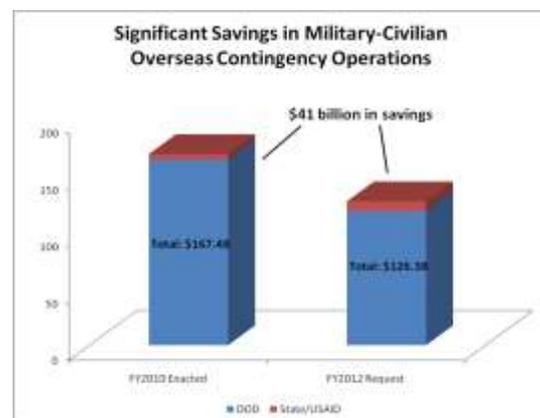
In addition to the challenges of methodology given the state of the FY11 Appropriations, the most significant difference is the establishment of the Overseas Contingency Operation account (OCO) in this year’s budget request.

##### Establishing OCO Account for International Affairs.

The Administration’s decision this year to separate the International Affairs Budget into two streams of funding, as the Defense Department has done since 9/11, provides better clarity to changes over time for ongoing, core elements of the budget that are not skewed by often temporary resource needs related to war activities. This is an important point because in recent years most of the underlying increases for the International Affairs Budget were devoted to operations in Frontline states.

Consequently, the FY2012 request allows for a more clear identification of where true growth is occurring within the overall account: +3% for the Core budget and +70% for OCO, when compared with FY2010 base appropriations. For the State/USAID core budget, the increase is only 1%.

The new budget framework also delineates the whole-of-government savings from the combined military-civilian OCO funds. Most notably, the growth in the civilian OCO budget is more than offset by a reduction in DOD’s OCO funding. Collectively, civilian and military OCO accounts will decline 25% from \$167 billion in FY2010 to a proposed level of \$126 billion in FY2012.



## SNAPSHOT: FY2012 INTERNATIONAL AFFAIRS BUDGET REQUEST

<b>COMPARISON OF CORE REQUEST</b>	
<b>International Affairs 150 Account*</b>	
FY 2012 Request	\$ 53.07 billion
FY 2010 Enacted**	\$ 51.49 billion
Increase from FY 2010 Base – FY 2012	\$ 1.58 billion (3.1% increase)
<b>Foreign Operations Account</b>	
FY 2012 Request	\$ 35.82 billion
FY 2010 Enacted**	\$ 34.66 billion
Increase from FY 2010 Base – FY 2012	\$ 1.16 billion (3.3%)
<b>State Department Operations &amp; Related Accounts</b>	
FY 2012 Request	\$ 14.96 billion
FY 2010 Enacted**	\$ 14.62 billion
Increase from FY 2010 Base – FY 2012	\$ 0.34 billion (2.3% increase)
<b>International Agriculture Programs</b>	
FY 2012 Request	\$ 1.90 billion
FY 2010 Enacted**	\$ 1.90 billion
Increase from FY 2010 Base – FY 2012	\$ 0 (0% increase)

\* Total International Affairs Budget figures also include amounts appropriated in the Treasury spending bill for the International Trade Commission and Foreign Claims Settlement Commission and \$300 million for the Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria, funded in the Labor-HHS appropriation measure. The Administration does not propose the Global Fund as International Affairs spending but the Congressional Budget Office has in the past transferred it to the International Affairs budget.

\*\* FY2010 includes \$1.8 billion appropriated in FY2009 as “forward” funding for FY2010. FY2010 levels also include \$1.45 billion in supplementals that support continuing programs. Excluded are FY2010 supplementals that fund non-recurring activities.

<b>COMPARISON OF OVERSEAS CONTINGENCY OPERATIONS REQUEST</b>	
<b>International Affairs 150 Account</b>	
FY 2012 Request	\$ 8.70 billion
FY 2010 Enacted*	\$ 5.09 billion
Increase from FY 2010 Base – FY 2012	\$ 3.61 billion (71% increase)
<b>Foreign Operations Account</b>	
FY 2012 Request	\$ 4.32 billion
FY 2010 Enacted*	\$ 2.05 billion
Increase from FY 2010 Base – FY 2012	\$ 2.27 billion (107% increase)
<b>State Department Operations &amp; Related Accounts</b>	
FY 2012 Request	\$ 4.39 billion
FY 2010 Enacted**	\$ 3.04 billion
Increase from FY 2010 Base – FY 2012	\$ 1.35 billion (44% increase)

\* FY2010 includes \$1.8 billion appropriated in FY2009 as “forward” funding for FY2010. FY2010 levels also include \$1.45 billion in supplementals that support continuing programs. Excluded are FY2010 supplementals that fund non-recurring activities.

## 5. HIGHLIGHTS OF INCREASES AND DECREASES FOR NON-FRONTLINE STATES OF THE FY 2012 INTERNATIONAL AFFAIRS BUDGET REQUEST

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### HIGHLIGHTS OF INCREASES:

Beyond the notable increases for Afghanistan, Pakistan, and Iraq in the OCO account, the Core FY2012 International Affairs Budget proposes increases generally focused on the three Administration initiatives for global health, food security, and climate change, plus significantly higher amounts for multilateral institutions to reflect one-time replenishment agreements for International Financial Institutions negotiated in 2010.

#### **Global Health and Child Survival**

FY12 Budget Request:	\$ 8.72 billion
FY11 Temporary CR	\$ 7.78 billion
FY11 House CR	\$ 7.00 billion
FY10 Enacted:	\$ 7.87 billion (includes forward funding)
Change from FY10 to FY12:	\$ 850 million increase (+10.8%)
	<ul style="list-style-type: none"> <li>▪ \$372 million increase from FY2010 for maternal/child health and nutrition (+78%)</li> <li>▪ \$106 million increase from FY2010 for malaria (+18%)</li> <li>▪ \$35 million increase from FY2010 for neglected tropical diseases (+54%)</li> <li>▪ \$101 million increase from FY2010 for family planning (+19%)</li> <li>▪ \$ 33 million increase from FY2010 for bilateral HIV/AIDS (+1%)</li> <li>▪ \$250 million increase from FY2010 for the Global Fund to Fight AIDS, TB &amp;Malaria (+24%)</li> <li>▪ \$11 million increase from FY2010 for tuberculosis (+5%)</li> </ul>

#### **Development Assistance**

FY12 Budget Request:	\$ 2.92 billion
FY11 Temporary CR	\$ 2.52 billion
FY11 House CR	\$ 1.77 billion
FY10 Enacted:	\$ 2.52 billion
Change from FY10 to FY12:	\$ 400 million increase (+16%)
	<ul style="list-style-type: none"> <li>▪ \$1.1 billion for bilateral Feed the Future Initiative (+23%)</li> <li>▪ \$651 million for bilateral elements of the Global Climate Change Initiative (+28%)</li> </ul>

#### **Millennium Challenge Corporation**

FY12 Budget Request:	\$ 1.13 billion
FY11 Temporary CR	\$ 1.05 billion
FY11 House CR	\$ 0.79 billion
FY10 Enacted:	\$ 1.05 billion
Change from FY10 to FY12:	\$ 80 million increase (+7.6%)
	<ul style="list-style-type: none"> <li>▪ Request assumes second compacts with Ghana and Georgia, and partial funding for a compact with Indonesia</li> </ul>

#### **Peace Corps**

FY12 Budget Request:	\$ 444 million
FY11 Temporary CR	\$ 400 million
FY11 House CR	\$ 331 million
FY10 Enacted:	\$ 400 million
Change from FY10 to FY12:	\$ 44 million increase (+11%)

#### **Global Security Contingency Fund**

FY12 Budget Request:	\$ 50 million
FY11 Temporary CR	\$ 0
FY11 House CR	\$ 0
FY10 Enacted:	\$ 0

- New account that pools funds with DOD for security aid to countries like Yemen. Requires authorization.

### **International Financial Institutions**

FY12 Budget Request:	\$ 3.32 billion
FY11 Temporary CR	\$ 2.04 billion
FY11 House CR	\$ 1.15 billion
FY10 Enacted:	\$ 2.04 billion
Change from FY10 to FY12:	\$ 1.28 billion increase (+63%)

- Proposes increases for nearly every International Financial Institution, some based on new replenishment agreements negotiated in 2010.

### **Diplomatic and Consular Programs**

FY12 Budget Request:	\$ 7.70 billion
FY11 Temporary CR	\$ 6.89 billion
FY11 House CR	NA
FY10 Enacted:	\$ 6.87 billion
Change from FY10 to FY12:	\$ 830 million increase (+12%)

- Funds an additional 184 State Department positions
- Suggests slowing of the plan to increase the Foreign Service by 25% between FY 2008 and FY 2014

## **HIGHLIGHTS OF DECREASES:**

### **Economic Support Fund**

FY12 Budget Request:	\$ 5.97 billion
FY11 Temporary CR	\$ 6.34 billion
FY11 House CR	\$ 5.71 billion
FY10 Enacted:	\$ 6.57 billion
Change from FY10 to FY12:	\$ 600 million decrease (-9%)

- Much of the decrease comes from reductions for Afghanistan, amounts that are more than offset in the OCO account.
- A number of countries in East Asia and Pacific are reduced with corresponding increases in the Development Assistance account.

### **Assistance for Europe, Eurasia, and Central Asia**

FY12 Budget Request	\$ 627 million
FY11 Temporary CR	\$ 742 million
FY11 House CR	\$ 697 million
FY10 Enacted	\$ 742 million
Change from FY10 to FY12	\$ 115 million decrease (-15%)

- Modest reductions for nearly every country in the region with some scheduled for graduation in the next few years.

### **Migration and Refugee Assistance**

FY12 Budget Request:	\$ 1.61 billion
FY11 Temporary CR	\$ 1.69 billion
FY11 House CR	\$ 1.02 billion
FY10 Enacted:	\$ 1.69 billion
Change from FY10 to FY12:	\$ 80 million decrease (-4.7%)

### **Inter-American, African Development, Asia Foundations, East-West Center, and National Endowment for Democracy**

FY12 Budget Request	\$ 173 million
FY11 Temporary CR	\$ 213 million
FY11 House CR	\$ 188 million

FY10 Enacted \$ 213 million  
 Change from FY10 to FY12 \$ 40 million decrease (-19%)

- The four small, regional-specific agencies are reduced in an effort “to better prioritize scarce foreign aid resources.” Administration suggests that they should seek partnerships with the U.S. government and the private sector in order to maintain current program levels. No information is provided for the NED cuts.

**Debt Reduction**

FY12 Budget Request \$ 15 million  
 FY11 Temporary CR \$ 60 million  
 FY11 House CR \$ 30 million  
 FY10 Enacted \$ 60 million  
 Change from FY10 to FY12 \$ 45 million decrease (-75%)

- Remaining funds will support the Tropical Forestry Conservation Act. A new account is established under International Financial Institutions to fund the Multilateral Debt Relief Initiative.

**International Narcotics Control and Law Enforcement**

FY12 Budget Request: \$ 1.15 billion  
 FY11 Temporary CR \$ 1.60 billion  
 FY11 House CR \$ 1.60 billion  
 FY10 Enacted: \$ 1.85 billion  
 Change from FY10 to FY12: \$ 700 million decrease (-38%)

- Most cuts result from reductions for Afghanistan and Pakistan, which are covered under the OCO account, and from lower levels for Colombia.

**Nonproliferation, Anti-Terrorism, and Demining**

FY12 Budget Request: \$ 709 million  
 FY11 Temporary CR \$ 754 million  
 FY11 House CR \$ 740 million  
 FY10 Enacted: \$ 754 million  
 Change from FY10 to FY12: \$ 45 million decrease (-6%)

**Peacekeeping Operations (non-UN)**

FY12 Budget Request \$ 292 million  
 FY11 Temporary CR \$ 332 million  
 FY11 House CR \$ 305 million  
 FY10 Enacted \$ 332 million  
 Change from FY10 to FY11 \$ 40 million decrease (-12%)

- Cut due primarily to reduction in operations in Somalia. Additional funds for Somalia are requested under the UN Peacekeeping Account.

**Contributions for International Peacekeeping Activities (UN)**

FY12 Budget Request \$ 1.92 billion  
 FY11 Temporary CR \$ 2.13 billion  
 FY11 House CR \$ 1.90 billion  
 FY10 Enacted \$ 2.13 billion  
 Change from FY10 to FY11 \$ 210 million decrease (-10%)

- Request proposes cuts for several operations, including those in Lebanon, Liberia, Sudan, Darfur, and Chad. Substantial increases are proposed for DR Congo and Somalia.

### **International Organizations and Programs (voluntary)**

FY12 Budget Request	\$ 349 million
FY11 Temporary CR	\$ 394 million
FY11 House CR	\$ 310 million
FY10 Enacted	\$ 394 million
Change from FY10 to FY11	\$ 45 million decrease (-11%)
▪ UNDP reduced from \$101 million to \$72 million	
▪ UNICEF reduced from \$132 million to \$127 million	
▪ UNFPA reduced from \$55 million to \$48 million	
▪ UNHCR eliminated (from \$7 million in FY10)	
▪ UNIFEM Trust Fund eliminated (from \$3 million in FY10)	
▪ UNEP reduced from \$12 million to \$8 million	

### **Contributions to International Organizations**

FY12 Budget Request:	\$ 1.62 billion
FY11 Temporary CR	\$ 1.68 billion
FY11 House CR	\$ 1.52 billion
FY10 Enacted:	\$ 1.68 billion
Change from FY10 to FY11:	\$ 60 million decrease (-4%)
▪ Cut due primarily to a reduction of \$81 million in U.S. payments to the U.N. regular budget.	

## **6. NOTABLE PROGRAMS AND REFORMS**

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### **PRESIDENTIAL HEALTH, AGRICULTURE AND CLIMATE CHANGE INITIATIVES CONTINUE**

In 2009, President Obama announced plans to launch initiatives for food security, climate change, and global health. Each is in a different stage of implementation and the FY2012 budget request suggests that all three remain top priorities.

- **Feed the Future:** At the 2009 G-8 summit, President Obama pledged \$3.5 billion over three years as the U.S. portion of a multilateral global food security initiative. The commitment includes \$475 million for the multilateral Global Agriculture and Food Security Program managed by the Treasury Department. (All figures exclude any funds for Afghanistan, Pakistan, and Iraq.) Congress appropriated \$813 million for FY2010, and the Administration proposed \$1.64 billion for FY2011. For FY2012, the President requests \$1.4 billion, including \$308 million for the multilateral account.
- **Global Health Initiative:** FY2012 marks the fourth year of a six-year \$63 billion Global Health Initiative commitment. While the FY2012 level represents an \$899 million increase (+10%) over FY2010 amounts, the Administration will remain off-track to reach the GHI target by FY2014. If the President's requests for both FY2011 and FY2012 are enacted as proposed (best possible scenario), the four-year amount appropriated would equal 57% of the full \$63 billion, leaving a gap of about \$27 billion.

The FY2012 request includes increases for Maternal and Child Health, Neglected Tropical Diseases, Family Planning, Nutrition and Malaria compared with FY2010 enacted amounts. Bilateral HIV/AIDS programs grow slightly in the FY2012 proposal, although the Administration seeks an increase to \$1.3 billion for the Global Fund to Fight AIDS, TB, and Malaria, up from \$1.05 billion in FY2010. This reflects a three-year U.S. pledge of \$4 billion to the Global Fund, of which FY2012 is the second payment.

- **Global Climate Change:** The FY2012 request includes \$1.33 billion for climate change programs, representing about 43% more than in FY2010. These increases partially fulfill U.S. pledges made at the Copenhagen Summit in December 2009, although amounts needed to fully meet the total commitments will require substantially more funding.

### IMPACT OF NEW REFORMS ON FY2012 BUDGET

In September 2010, the White House released the first ever Presidential Policy Directive (PPD) on Global Development, followed by the State Department and USAID's initial Quadrennial Diplomacy and Development Review (QDDR). The PPD articulated a vision for transforming U.S. development policy and elevating it as a core element of American foreign policy. The QDDR set out a series of operational changes and reforms to ensure the agencies worked more efficiently and coordinated more effectively in the field and in Washington. The FY2012 International Affairs Budget is the first opportunity to see what impact the PPD and QDDR have had on resource allocations. Several impacts are evident in the new budget request although a number of details remain unavailable.

- **Selectivity and Prioritization.** Both the PPD and QDDR emphasized the need for selectivity in where and how the United States invests its aid resources. The FY2012 budget reflects several indications of how this will be implemented. For example, aid to Europe, Eurasia, and Central Asia declines by 15% as the first steps to closing several USAID missions in the region over the next few years. Another example is aid to Colombia and Mexico, which declines by \$107 million and \$250 million, respectively, as these governments assume greater responsibility for their counter-narcotics programs. Administration officials say that the FY2012 International Affairs budget places much greater emphasis on economic growth and governance, although exact figures are not yet available. Four countries – Ghana, Tanzania, the Philippines, and El Salvador – are identified as nations that have demonstrated strong commitments to democratic governance and sustainable development, and are initial candidates for the Partnership for Growth. Accordingly, the budget proposes 27% more in U.S. economic aid to these four countries. While representing a start at implementing a more selective approach to aid investments, more options are likely to be offered going forward.
- **USAID Forward reforms: Procurement, Monitoring & Evaluation.** As part of the QDDR, USAID announced major changes in its business practices, especially regarding its ability to measure impact and reforming its contracting and procurement systems. The FY2012 budget includes nearly \$20 million to rebuild USAID's performance monitoring and evaluation capacity that will triple the collection of baseline information, and report promptly and transparently on findings and how they will be applied. Procurement and contracting reforms will be supported by \$14.7 million, including grants to local partners that will build capacity in the countries themselves. USAID will also launch a \$30 million Development Innovation Ventures program that aims to identify, test, and scale-up the most promising innovative projects to meet development challenges. USAID further requests \$40 million for rebuilding its policy and scientific capacity.

### CONTRIBUTIONS TO INTERNATIONAL FINANCIAL INSTITUTIONS (IFIs)

At the height of the global financial crisis in 2008/2009, the U.S. and other western governments encouraged the World Bank and other IFIs to accelerate lending to their borrowers in an effort to

soften the impact of the economic downturn. Most IFIs followed this guidance but at a cost of exhausting their resources sooner than anticipated. This, coupled with already scheduled pledging sessions, led to an unusually large number of replenishment negotiations in 2010. The FY2012 budget submission reflects the outcome of commitments the United States made at those meetings, as well as efforts to gain approval for requests made in the FY2011 budget. In total, the FY2012 proposal seeks \$3.32 billion for IFIs, up from \$2.04 billion in FY2010. Notable requests include:

- \$117 million for the World Bank's International Bank for Reconstruction and Development (first request in many years)
- \$1.36 billion for the World Bank's International Development Association (+\$96 million)
- \$144 million for the Global Environment Facility (+\$57 million)
- \$400 million for the Clean Technology Fund (+\$100 million)
- \$190 million for the Strategic Climate Fund (+\$115 million)
- \$102 million for the Inter-American Development Bank (first request in several years)
- \$107 million for the Asian Development Bank (first request in several years)
- \$32 million for the African Development Bank (first request in several years)
- \$195 million for the African Development Fund (+\$40 million)
- \$308 million for the Global Agriculture and Food Security Program (first direct appropriation)
- \$175 million for the Multilateral Debt Relief Initiative (new account, previously requested with the IDA payment)

#### **BUILDING CAPACITY AT STATE AND USAID**

Consistent with earlier Administration plans, both the PPD and QDDR talk about building a 21<sup>st</sup> Century development agency at USAID and expanding and strengthening diplomats and other civilian capacities at the State Department. The FY2012 request continues these plans, although at a somewhat slower pace than previously planned.

- **USAID:** Building on the Bush Administration's Development Leadership Initiative (DLI) – a plan to double the number of USAID Foreign Service Officers (FSOs) to about 2,100 by FY2011 – the FY2012 request proposes to fund 95 mid-career Officers. While significant and important to filling specific skill needs at the Agency, the budget request slows the pace of doubling FSOs.
- **State Department:** Similar to USAID, the Obama Administration announced plans in 2009 to increase the Foreign Service by 25%. The FY2012 request seeks to add 184 new positions but at a much slower pace than previous budgets. In FY2010, the State Department asked for 802 new hires and the FY2011 budget sought 528.

#### **REBALANCING RESOURCES AND AUTHORITIES BETWEEN STATE AND DOD**

Particularly since September 11, 2001, the Defense Department has been assuming a growing role in security and development assistance programs that had historically been overseen and funded by the civilian side of the U.S. government, specifically the State Department and USAID. Over the last decade, the Defense Department has taken over responsibility for train and equip programs in Iraq and Afghanistan; managed, along with the State Department, a training program for foreign security forces (Sec. 1206 program); and provided funds, co-

managed with State, for reconstruction and stabilization needs (Sec. 1207 program), among several other activities.

The need for DOD to assume these expanded authorities to some extent reflected limited International Affairs Budget resources and a lack of civilian capacity to effectively manage such activities. Increasingly, however, policymakers have argued that the State Department and USAID should be strengthened and provided the necessary resources to manage these foreign assistance programs that have been under their purview in the past.

The Administration has been considering this issue within an inter-agency review since 2009 and several changes were proposed in the FY2011 request. With funding not completed for the current fiscal year, it is uncertain the extent to which Congress will approve these new civilian-led initiatives. Pending programs include:

- **Complex Crisis Fund:** Launched in FY2010 at \$50 million, the Complex Crisis Fund request for FY2011 is \$100 million. With the additional resources, this Fund would essentially replace the Sec. 1207 program that DOD and State jointly managed for the past several years. For FY2012, the Administration seeks \$75 million. The Fund is available to respond to unforeseen events with reconstruction, security, or stabilization support.
- **Iraqi Police Training:** Included in the FY2010 supplemental and FY2011 request was \$812 million under the International Narcotics and Law Enforcement account, providing necessary start-up expenses for the State Department to take over complete authority of training Iraqi police forces in FY2012. DOD has been funding and managing this operation since FY2003. The FY2012 budget includes an additional \$1 billion as the transfer from military to civilian control accelerates.
- **Pakistan Counterinsurgency Capability Fund:** First funded in FY2009 with \$700 million in the International Affairs Budget, the PCCF received appropriations from the Defense budget in FY2010. Under the terms of the current FY2011 Continuing Resolution, \$700 million is available for the Fund this year. The Administration seeks \$1.1 billion in FY2012, entirely funded from the International Affairs Budget.

The Administration adds to these earlier efforts in the FY2012 budget by proposing a new Global Security Contingency Fund, something that would be co-managed by DOD and the State Department. The Fund would be designed to draw on pooled resources from both agencies to provide security and stabilization assistance. It would essentially replace the existing Sec. 1206 authority. In addition to appropriations, the Fund requires Congressional authorization for a not-to-exceed \$500 million account. It is unclear what the Defense Department plans to request for the Fund in its FY2012 request.

## **7. ACCOUNT-BY-ACCOUNT DETAIL OF CORE FY 2012 INTERNATIONAL AFFAIRS BUDGET**

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### **USAID OPERATING EXPENSES (OE)**

FY12 Request	\$ 1.503 billion
FY10 Enacted	\$ 1.389 billion
Change from FY10 to FY12	\$ 114 million (8.2% increase)

### **USAID CAPITAL INVESTMENT FUND**

FY12 Request	\$ 189 million
FY10 Enacted	\$ 185 million

Change from FY10 to FY12     \$ 4 million (2.2% increase)

**USAID INSPECTOR GENERAL OPERATING EXPENSES (IG)**

FY12 Request                     \$ 52 million  
 FY10 Enacted                    \$ 50 million  
 Change from FY10 to FY12     \$ 2 million (4% increase)

**GLOBAL HEALTH AND CHILD SURVIVAL – USAID**

FY12 Request                     \$ 3.07 billion  
 FY10 Enacted                    \$ 2.47 billion (includes FY09 forward funding)  
 Change from FY10 to FY12     \$ 600 million (24% increase)

**GLOBAL HEALTH AND CHILD SURVIVAL – STATE DEPARTMENT**

FY12 Request                     \$ 5.64 billion  
 FY10 Enacted                    \$ 5.36 billion  
 Change from FY10 to FY12     \$ 280 million (5.2% increase)

**DEVELOPMENT ASSISTANCE (DA)**

FY12 Request                     \$ 2.92 billion  
 FY10 Enacted                    \$ 2.52 billion  
 Change from FY10 to FY12     \$ 400 million (16% increase)

**INTERNATIONAL DISASTER ASSISTANCE**

FY12 Request                     \$ 887 million  
 FY10 Enacted                    \$ 845 million  
 Change from FY10 to FY12     \$ 42 million (5% increase)

**TRANSITION INITIATIVES (TI)**

FY12 Request                     \$ 56 million  
 FY10 Enacted                    \$ 55 million  
 Change from FY10 to FY12     \$ 1 million (2% increase)

**COMPLEX CRISES FUND**

FY12 Request                     \$ 75 million  
 FY10 Enacted                    \$ 50 million  
 Change from FY10 to FY12     \$ 25 million (50% increase)

**DEVELOPMENT CREDIT AUTHORITY**

FY12 Request                     \$ 8 million  
 FY10 Enacted                    \$ 8 million  
 Change from FY10 to FY12     \$ 0

**ECONOMIC SUPPORT FUND (ESF)**

FY12 Request                     \$ 5.97 billion  
 FY10 Enacted                    \$ 6.57 billion  
 Change from FY10 to FY12     \$ -600 million (9% decrease)

**ASSISTANCE FOR EUROPE, EURASIA, AND CENTRAL ASIA**

FY12 Request                     \$ 627 million  
 FY10 Enacted                    \$ 742 million  
 Change from FY10 to FY12     \$ -115 million (15% decrease)

**MIGRATION AND REFUGEE ASSISTANCE (MRA)**

FY12 Request                     \$ 1.61 billion  
 FY10 Enacted                    \$ 1.69 billion  
 Change from FY10 to FY12     \$ -80 million (5% decrease)

**U.S. EMERGENCY REFUGEE AND MIGRATION ASSISTANCE (ERMA)**

FY12 Request \$ 32 million  
 FY10 Enacted \$ 45 million  
 Change from FY10 to FY12 \$ -13 million (29% decrease)

**PEACE CORPS**

FY12 Budget Request: \$ 440 million  
 FY10 Enacted: \$ 400 million  
 Change from FY10 to FY12 \$ 40 million (10% increase)

**MILLENNIUM CHALLENGE CORPORATION**

FY12 Budget Request: \$ 1.13 billion  
 FY10 Enacted: \$ 1.11 billion  
 Change from FY10 to FY12: \$ 20 million (2% increase)

**INTER-AMERICAN FOUNDATION**

FY12 Request \$ 19 million  
 FY10 Enacted \$ 23 million  
 Change from FY10 to FY12 \$ 4 million (17% decrease)

**AFRICAN DEVELOPMENT FOUNDATION**

FY12 Request \$ 24 million  
 FY10 Enacted \$ 30 million  
 Change from FY10 to FY12 \$ 6 million (20% decrease)

**TREASURY TECHNICAL ASSISTANCE**

FY12 Request \$ 30 million  
 FY10 Enacted \$ 25 million  
 Change from FY10 to FY12 \$ 5 million (20% increase)

**DEBT RESTRUCTURING**

FY12 Request \$ 15 million  
 FY10 Enacted \$ 60 million  
 Change from FY10 to FY12 \$ 45 million (75% decrease)

**INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT (INCLE)**

FY12 Request \$ 1.51 billion  
 FY10 Enacted \$ 1.85 billion (includes FY09 forward funding)  
 Change from FY10 to FY12 \$ 340 million (18% decrease)

**NON-PROLIFERATION, ANTI-TERRORISM, DEMINING (NADR)**

FY12 Request \$ 709 million  
 FY10 Enacted \$ 754 million  
 Change from FY10 to FY12 \$ 45 million (6% increase)

**PEACEKEEPING OPERATIONS (PKO)**

FY12 Request \$ 292 million  
 FY10 Enacted \$ 331 million  
 Change from FY10 to FY12 \$ -39 million (12% decrease)

**INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM (IMET)**

FY12 Request \$ 110 million  
 FY10 Enacted \$ 108 million  
 Change from FY10 to FY12 \$ 2 million (2% increase)

**FOREIGN MILITARY FINANCING (FMF)**

FY12 Request \$ 5.55 billion  
 FY10 Enacted \$ 5.47billion  
 Change from FY10 to FY12 \$ 80 million (1.5% increase)

**PAKISTAN COUNTERINSURGENCY CAPABILITY FUND**

FY12 Request \$ 1.10 billion  
 FY10 Enacted \$ 0  
 Change from FY10 to FY12 \$ 1.10 billion

**GLOBAL SECURITY CONTINGENCY FUND**

FY12 Request \$ 50 million  
 FY10 Enacted \$ 0  
 Change from FY10 to FY12 \$ 50 million

**INTERNATIONAL ORGANIZATIONS AND PROGRAMS (IO&P)**

FY12 Request \$ 349 million  
 FY10 Enacted \$ 394 million  
 Change from FY10 to FY12 \$ -45 million (11% decrease)

**GLOBAL ENVIRONMENT FACILITY**

FY12 Request \$ 144 million  
 FY10 Enacted \$ 87 million  
 Change from FY10 to FY12 \$ 57 million (66% increase)

**INTERNATIONAL CLEAN TECHNOLOGY FUND**

FY12 Request \$ 400 million  
 FY10 Enacted \$ 300 million  
 Change from FY10 to FY12 \$ 100 million (33% increase)

**STRATEGIC CLIMATE FUND**

FY12 Request \$190 million  
 FY10 Enacted \$ 75 million  
 Change from FY10 to FY12 \$ 115 million (153% increase)

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

FY12 Request \$ 1.36 billion  
 FY10 Enacted \$ 1.26 billion  
 Change from FY10 to FY12 \$ 100 million (8% increase)

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

FY12 Request \$ 117 million  
 FY10 Enacted \$ 0  
 Change from FY10 to FY12 \$ 117 million

**INTER-AMERICAN DEVELOPMENT BANK**

FY12 Request \$102 million  
 FY10 Enacted \$ 0  
 Change from FY10 to FY12 \$ 102 million

**ENTERPRISE FOR THE AMERICAS MULTILATERAL INVESTMENT FUND**

FY12 Request \$ 25 million  
 FY10 Enacted \$ 25 million  
 Change from FY10 to FY12 \$ 0

**INTER-AMERICAN INVESTMENT CORPORATION**

FY12 Request \$ 20 million  
 FY10 Enacted \$ 5 million  
 Change from FY10 to FY12 \$ 15 million (300% increase)

**ASIAN DEVELOPMENT BANK**

FY12 Request \$ 107 million  
 FY10 Enacted \$ 0  
 Change from FY10 to FY12 \$ 107 million

**ASIAN DEVELOPMENT FUND**

FY12 Request \$ 115 million  
 FY10 Enacted \$ 105 million  
 Change from FY10 to FY12 \$ 10 million (10% increase)

**AFRICAN DEVELOPMENT BANK**

FY12 Request \$ 32 million  
 FY10 Enacted \$ 0  
 Change from FY10 to FY12 \$ 32 million

**AFRICAN DEVELOPMENT FUND**

FY12 Request \$ 195 million  
 FY10 Enacted \$ 155 million  
 Change from FY10 to FY12 \$ 40 million (26% increase)

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

FY12 Request \$ 30 million  
 FY10 Enacted \$ 30 million  
 Change from FY10 to FY12 \$ 0

**GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM**

FY12 Request \$ 308 million  
 FY10 Enacted \$ 0  
 Change from FY10 to FY12 \$ 308 million

**MULTILATERAL DEBT RELIEF INITIATIVE**

FY12 Request \$175 million  
 FY10 Enacted \$ 0  
 Change from FY10 to FY12 \$ 175 million

**EXPORT-IMPORT BANK**

FY12 Request \$ -213 million net  
 FY10 Enacted \$ 2 million net  
 Change from FY10 to FY12 \$ -211 million

**OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)**

FY12 Request \$ -188 million net  
 FY10 Enacted \$ -203 million net  
 Change from FY10 to FY12 \$ 15 million

**TRADE AND DEVELOPMENT AGENCY (TDA)**

FY12 Request \$ 56 million  
 FY10 Enacted \$ 55 million  
 Change from FY10 to FY12 \$ 1 million (2% increase)

**DIPLOMATIC AND CONSULAR PROGRAMS**

FY12 Request \$ 7.57 billion  
 FY10 Enacted: \$ 8.87 billion  
 Change from FY10 to FY12: \$ -1.3 billion (15% decrease)

**CAPITAL INVESTMENT FUND**

FY12 Request \$ 125 million  
 FY10 Enacted \$ 139 million  
 Change from FY10 to FY12 \$ -14 million (10% decrease)

**EMBASSY SECURITY, CONSTRUCTION & MAINTENANCE**

FY12 Request \$ 1.80 billion  
 FY10 Enacted \$ 1.82 billion  
 Change from FY10 to FY12 \$ -2 million (1% decrease)

**CIVILIAN STABILIZATION INITIATIVE**

FY12 Request \$ 92 million  
 FY10 Enacted \$ 120 million  
 Change from FY10 to FY12 \$ -28 million (23% decrease)

**STATE DEPARTMENT OFFICE OF THE INSPECTOR GENERAL**

FY12 Request \$ 65 million  
 FY10 Enacted \$ 60 million  
 Change from FY10 to FY12 \$ 5 million (8% increase)

**EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS**

FY12 Request \$ 637 million  
 FY10 Enacted \$ 635 million  
 Change from FY10 to FY12 \$ 2 million (less than 1% increase)

**OTHER ADMINISTRATION OF FOREIGN AFFAIRS**

FY12 Request \$ 70 million  
 FY10 Enacted \$ 77 million  
 Change from FY10 to FY12 \$ -7 million (9% decrease)

**CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS**

FY12 Budget Request: \$1.62 billion  
 FY10 Enacted: \$1.68 billion  
 Change from FY10 to FY12: \$ -60 million (4% decrease)

**CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES**

FY12 Request \$ 1.92 billion  
 FY10 Enacted \$ 2.13 billion  
 Change from FY10 to FY12 \$ -210 million (10% decrease)

**RELATED APPROPRIATIONS**

FY12 Request \$ 44 million  
 FY10 Enacted \$ 27 million  
 Change from FY10 to FY12 \$ -17 million (63% decrease)

**NATIONAL ENDOWMENT FOR DEMOCRACY**

FY12 Request \$ 104 million  
 FY10 Enacted \$ 118 million  
 Change from FY10 to FY12 \$ -14 million (12% decrease)

**BROADCASTING BOARD OF GOVERNORS**

FY12 Request \$ 754 million  
FY10 Enacted \$ 734 million  
Change from FY10 to FY12 \$ 20 million (3% increase)

**BROADCASTING CAPITAL IMPROVEMENTS**

FY12 Request \$ 13 million  
FY10 Enacted \$ 13 million  
Change from FY10 to FY12 \$ 0

**UNITED STATES INSTITUTE FOR PEACE**

FY12 Request \$ 43 million  
FY10 Enacted \$ 49 million  
Change from FY10 to FY12 \$ -6 million (12% decrease)

**FOOD FOR PEACE TITLE II**

FY12 Request \$ 1.69 billion  
FY10 Enacted \$ 1.69 billion  
Change from FY10 to FY12 \$ 0

**MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION**

FY12 Request \$ 210 million  
FY10 Enacted \$ 210 million  
Change from FY10 to FY12 \$ 0 million

**INTERNATIONAL TRADE COMMISSION**

FY12 Request \$ 87 million  
FY10 Enacted \$ 82 million  
Change from FY10 to FY12 \$ 5 million (6% increase)

**FOREIGN CLAIMS SETTLEMENT COMMISSION**

FY12 Request \$ 2 million  
FY10 Enacted \$ 2 million  
Change from FY10 to FY12 \$ 0

**8. ADDITIONAL RESOURCES**

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- [Complete FY12 International Affairs Budget request](#)
- [House Budget Committee – Majority Site](#)
- [House Budget Committee – Minority Site](#)
- [Senate Budget Committee – Majority Site](#)
- [Senate Budget Committee – Minority Site](#)
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