OUT OF TOUCH WITH AMERICA'S INTERESTS:
International Affairs Programs Slashed for Fourth Straight Year Despite Growing Global Crises

USGLC's Analysis of the Administration's FY21 International Affairs Budget Request

February 10, 2020

Introduction

Against a backdrop of growing global crises and less than two months after Congress voted to once again increase funding for the International Affairs Budget, the Administration's FY21 budget request released today calls for deep cuts to America's development and diplomacy tools. This marks a four-year trend of targeting the State Department, USAID, and other development agencies for severe and disproportionate cuts despite bipartisan opposition on Capitol Hill.

The FY21 request **proposes to reduce funding for the International Affairs Budget by 22%** compared to the FY20 enacted level. Specifically, the Administration's FY21 request includes a total of **$43.9 billion in base funding** for the International Affairs Budget.

Similar to the past two years, the budget includes **no Overseas Contingency Operations (OCO) funding for international affairs programs** while at the same time maintaining significant OCO resources for the Department of Defense. The proposal to zero out OCO funding ignores the bipartisan budget deal reached by Congress and the Administration last summer that provided $8 billion in international affairs OCO for FY21, equal to the FY19 and FY20 enacted levels. It is important to note that OCO accounts for 14% of the total International Affairs Budget and zeroing out this funding stream without equivalent increases to the base budget would result in significant cuts to the topline.

Out of Touch with Today's Global Threats

Former Chairman of the Joint Chiefs of Staff **Admiral Mike Mullen** wrote to Congress that, "The more we cut the International Affairs Budget, the higher the risk for longer and deadlier military operations."

Out of Touch with the Bipartisan Consensus in Congress

For the past three years, Congress has **overwhelmingly rejected** the Administration's proposals to slash the International Affairs Budget – from the Freedom Caucus to the Progressive Caucus – and this year's request will undoubtedly be met with the same response.

Out of Touch with America's Interests

Cutting nearly a quarter of America's civilian footprint around the world is out of touch with our interests to keep Americans safe, grow our economy, and promote our values. Given growing threats like the coronavirus, climate change, and a rising China or instability in Yemen, Venezuela, and beyond, now is not the time to take our diplomats and development tools off the global playing field.

The USGLC released a statement today calling on lawmakers to follow their bipartisan playbook from the past three years by rejecting these dangerous cuts and urging Congress to support $60 billion for the FY21 International Affairs Budget.

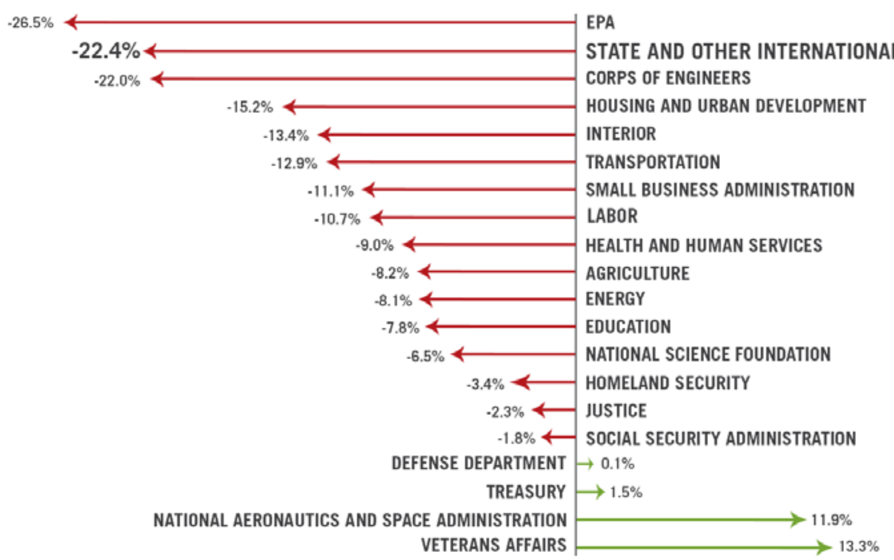
Key Takeaways

Below are seven key takeaways from the Administration's FY21 International Affairs Budget request.

1. Development and Diplomacy Again Bear Brunt of Budget Cuts

The request includes a total of $590 billion for non-defense discretionary (NDD) spending – 7% below the level agreed to by Congress and the Administration in last summer's bipartisan budget deal. The International Affairs Budget is disproportionately impacted to offset increases to some domestic agencies. This is the fourth straight year cuts to NDD spending have come at the expense of America's development and diplomacy programs. While the proposed 22% cut to international affairs is a step in the right direction compared to proposals to cut as much as 37% three years ago, it is out of touch with America's security and economic interests in the face of unprecedented global challenges and opportunities.

FY21 REQUEST COMPARED TO FY20 ENACTED LEVELS FOR THE LARGEST DEPARTMENTS AND AGENCIES*



* Includes base and OCO funding. The Commerce Department is excluded from this chart because its change in funding under the FY21 request (-37.3%) is primarily due to the rampdown of the 2020 Decennial Census.

2. Global Competition Guides Resource Decisions

Dating back to the December 2017 National Security Strategy, a central tenet of the Administration's foreign policy has been responding to "the growing political, economic, and military competitions we face around the world." The FY21 budget aligns diplomatic and development resources to further this objective, with a particular focus on countering Chinese, Russian, and Iranian influence. This includes fully funding security partnerships with Israel, Jordan, and Egypt to deter aggression and promote regional stability, $1.49 billion for the Administration's Indo-Pacific Strategy to promote good governance and rule of law, $75 million for Prosper Africa, and $12 million for new programs in Latin America and the Caribbean to expand U.S. trade and investment opportunities. Strengthening America's ability to compete globally is a bipartisan priority on Capitol Hill, but Congress will likely ask tough questions about whether these investments are sufficient given the deep cut to the topline.

3. Signature Initiatives See Funding Surge

As expected, the Administration's budget significantly boosts resources for two of its top development initiatives: empowering women economically around the world and expanding America's development finance capabilities. The request calls for doubling funding for the Women's Global Development and Prosperity Initiative (W-GDP) in FY21 to $200 million. For the newly launched U.S. International Development Finance Corporation (DFC) – which officially opened its doors in January 2020 – program funding would jump nearly four-fold, from $180 million in FY20 to $700 million in FY21. While these initiatives have strong support from bipartisan Members of Congress and development stakeholders, concerns are likely to be raised that these increases not come at the expense of other critical development programs that are also advancing U.S. interests.

4. Deep Cuts to Global Health Despite New Pandemic Threat

As the Wuhan Coronavirus continues its rapid spread across the globe – claiming more than 1,000 lives and infecting more than 40,000 in 28 countries – the Administration's budget slashes funding for overall Global Health Programs by a staggering 34% compared to the FY20 enacted level. While the request calls for an increase of $15 million (15%) over the FY20 enacted level for USAID's Global Health Security to improve health systems and address disease threats, the size of the overall cuts could impact America's ability to prevent and respond to future pandemics. One additional area that sees strong investment is Gavi, the Vaccine Alliance, which receives a $1.16 billion pledge over four years to improve access to vaccines for children in the world's poorest countries and save children's lives. As it has for the past three years, Congress is expected to reject cuts to global health, recognizing its critical role in protecting U.S. interests and values.

5. Untapped Opportunities for Global Fragility Agenda

The recent passage of the bipartisan Global Fragility Act highlights the risks fragile and conflict-affected states pose to U.S. interests as well as to global peace and security. While the FY21 budget notes the importance of strengthening fragile states and includes $135 million for the Relief and Recovery Fund that could be used "to implement the Global Fragility Act," funding for the world's most fragile countries is a mixed bag. Funding to address the crisis in Venezuela would increase by 811% compared to the FY19 actual level, but the Democratic Republic of Congo (DRC), South Sudan, Somalia, and Yemen would see deep cuts while funding for Syria is zeroed out for the second year in a row. In light of the new Global Fragility law, Congress and the Administration have an important opportunity to evaluate U.S. efforts to address state fragility to ensure they are coordinated, strategic, and fully resourced.

6. Beneath the Topline, Funding Shifts Reflect New Priorities

With a steep cut to the topline, nearly every program and account in the International Affairs Budget would see its funding reduced compared to the FY20 enacted level. While some of the proposed cuts mirror those included in the Administration's previous budget requests, below are highlights of substantial funding shifts that reflect new priorities from the past year.

Substantial increases compared to the FY20 request:

- Funding for Venezuela grows by $196 million (2,178%) in the FY21 request compared to the FY20 request.
- Administrative and program funding for the U.S. International Development Finance Corporation (DFC) is increased by 178% in the FY21 request compared to the FY20 request.
- Economic and development assistance sees a 13% increase in the FY21 request compared to the FY20 request.

Substantial cuts compared to the FY20 request:

- Funding for Central America is reduced by 19% in the FY21 request compared to the FY20 request.
- Migration and Refugee Assistance is cut by 18% in the FY21 request compared to the FY20 request.
- Global Health Programs see a 5% cut in the FY21 request compared to the FY20 request.

7. Operating Budgets for the State Department and USAID Cut Again

At a time when the health of America's diplomatic and development corps is under scrutiny, the budget cuts the State Department and USAID accounts that fund our personnel and diplomatic presence around the world by 7% and 5%, respectively. Cuts to these important accounts could also impact monitoring and evaluation of U.S. foreign assistance programs when the Administration has placed a high priority on effectiveness and accountability. Given the bipartisan commitment in Congress to strengthening America's Foreign and Civil Service workforce, the Administration is likely to face tough questions on the rationale behind these cuts and staffing directives that build on those included in the final FY20 spending package.

Included in this Analysis

I. **Notable Programs and Policy Issues**

II. **Snapshot of Regional and Country Funding**

III. **What's Ahead**

IV. **Additional Information and Resources**

V. **Account-by-Account Details**

About this Analysis

Wherever possible, this analysis compares funding levels in the FY21 request to FY20 enacted levels. However, in some cases – particularly involving country and regional funding levels – the Administration has not yet determined FY20 allocations. In those instances, comparisons are made between the FY21 request and FY19 actual levels.

I. Notable Programs and Policy Issues

Protecting U.S. National Security

Today, America is facing a range of global challenges that cannot be addressed by the military alone. Our diplomacy and foreign assistance programs provide the first line of defense to prevent and reduce conflict, so that American servicemen and women are deployed only as a last resort. While the Administration links investments in diplomacy and development to advancing our national security interests, for the fourth year in a row the FY21 budget reduces funding for critical accounts and in key regions where security challenges abound.

Indo-Pacific: Regional Priority. The Indo-Pacific region receives $1.49 billion in the request – $32 million (2%) below the FY19 actual level, but a 19% increase over the FY20 request. According to the Administration, resources for the region will implement the U.S. Indo-Pacific Strategy to ensure "the region remains free, open, and independent of malign Chinese influence." The request also supports efforts to combat terrorism and work with regional allies toward North Korean denuclearization.

Western Hemisphere: Cuts and Conditions for Central America. The Administration's request includes $1.4 billion to counter human trafficking, drugs, and money laundering; combat illegal immigration and transnational crime; and promote security, good governance, and economic growth – primarily in Latin America. This is $316 million (18%) below the FY19 actual level. Funding for Central America sees a 19% cut, in line with the Administration's decision to reduce funding for the region over concerns about migration. According to the Administration, funding in FY21 remains contingent on continued action by these countries to stem illegal migration flows.

International Security Assistance: Modest Cuts. The budget provides $7.73 billion for security assistance programs, $1.28 billion (14%) less than the FY20 enacted level. Foreign Military Financing (FMF), by far the largest security assistance program, is cut by $586 million (10%). The largest beneficiaries of FMF are:

- **Israel**, which would continue to receive $3.3 billion, consistent with the Memorandum of Understanding (MOU) covering FY19-FY28.
- **Egypt**, which would receive $1.3 billion, consistent with previously enacted levels.
- **Jordan**, which would receive $500 million, $75 million above the FY20 enacted level.

For the fourth year in a row, the Administration seeks the authority to provide FMF funding through a combination of grant assistance and loans – a proposal Congress has consistently rejected. The FY21 request includes $8 billion for loans and loan guarantees but does not specify the countries where the new authority might be used.

All other international security accounts would be cut significantly compared to FY20 enacted levels, including International Narcotics Control and Law Enforcement (INCLE) by $381 million (27%), Nonproliferation, Anti-terrorism and Demining (NADR) by $142 million (16%), and International Military Education and Training (IMET) by $8 million (7%).

Peacekeeping: Deep Cuts Despite Growing Demand. The budget proposes a total of $1.37 billion for peacekeeping operations in FY21, including $1.08 billion to fund ongoing UN peacekeeping missions through the Contributions to International Peacekeeping Activities (CIPA) account and $290 million for non-UN peacekeeping missions through the Peacekeeping Operations (PKO) account. This represents an overall cut of $615 million (31%) compared to the FY20 enacted level, with cuts of 29% and 37% for CIPA and PKO, respectively.

Once again, the Administration recommends cutting the CIPA account by reducing U.S. assessed contributions to UN peacekeeping missions. This year, the Administration aims to pay even less than the cap imposed by Congress which reduces America's peacekeeping contribution to 25%, despite the 27.9% negotiated rate. Specifically, the Administration says it seeks to defer $345 million of anticipated FY21 assessments until FY22. As it stands, our existing shortfalls have resulted in troop-contributing countries not being fully reimbursed for their deployments and has threatened the UN's ability to sufficiently cover peacekeeping expenses. It has also caused the U.S. to accumulate arrears amounting to almost $1 billion dollars.

PEACEKEEPING FUNDING

	FY19 Enacted	FY20 Enacted	FY21 Request	Change from FY20
UN Operations (CIPA)	$1.55 billion	$1.53 billion	$1.08 billion	▼ -29%
Non-UN Ops (PKO)	$489 million	$457 million	$290 million	▼ -37%
Total	**$2.04 billion**	**$1.98 billion**	**$1.37 billion**	▼ **-31%**

Religious and Ethnic Minorities (REM): Key Funding Priority. The FY21 request includes $150 million to support Religious and Ethnic Minorities (REM) and Religious Freedom (RF), $80 million above the FY19 actual level, to advance religious freedom and prevent religious persecution in the Middle East and other regions.

United States Institute of Peace (USIP): Significantly Reduced. The Administration requests $16 million for the United States Institute of Peace (USIP), one-third of the $45 million Congress provided in FY20.

Securing America's Economic Future

The International Affairs Budget supports agencies that foster sustainable economic growth in developing countries and expand U.S. exports, trade, and investment opportunities around the world. The Administration's FY21 budget significantly increases resources for the new U.S. International Development Finance Corporation, but for the fourth straight year, proposes to reduce or eliminate funding for other critical agencies that promote stable economic environments and new opportunities for American businesses overseas.

Development Finance Corporation (DFC): Funding Surge. Both administrative and program-related expenses for the DFC see significant increases in the Administration's FY21 request. It includes $136 million for administrative and other operating expenses, $15 million (12%) above the FY20 enacted level, and anticipates an additional $50 million in transfers from the State Department and USAID to support interagency coordination. Additionally, the DFC receives $700 million in program funds for a variety of investments including equity, credit subsidy, and technical assistance – far higher than the FY20 enacted level of $180 million. With offsetting collections estimated at $496 million, the net cost of the DFC is projected to be $340 million in FY21.

U.S. Trade and Development Agency (USTDA): Slated for Elimination. For the fourth year in a row, the Administration seeks to eliminate USTDA and provides $12 million to "conduct an orderly closeout" of the agency. USTDA funds pilot projects and other activities where U.S. goods and services fit the needs of the agency's partners in emerging economies around the world, generating an estimated $111 in U.S. exports for every dollar programmed.

Millennium Challenge Corporation (MCC): Modest Cut. The Administration's request proposes $800 million for the MCC, a $105 million (12%) decrease from the FY20 enacted level. According to the Administration, the proposed funding level would support MCC's new compacts with Malawi and Mozambique, a new threshold program with Kenya, and the agency's first ever regional projects in Benin and Niger.

Export-Import Bank: Slight Decrease. The FY21 request provides $106 million for the Bank's operations, a $10 million (8%) cut compared to the FY20 enacted level. The Bank is self-funding, and for FY21 the Administration projects its net collections to be $689 million – far exceeding operational costs.

Promoting U.S. Moral Leadership Abroad

America's leadership in humanitarian assistance and global development programs showcases the best of our country's values and ideals: compassion, a belief in human dignity, and a generosity to provide a hand up – not a handout – in communities across the globe. The Administration's FY21 budget recognizes the importance of U.S. leadership in these areas, but for the fourth year in a row, proposes deep cuts to many U.S. programs that provide life-saving global health, development, and humanitarian assistance around the world.

Development and Economic Assistance: Consolidated and Deeply Cut. In line with previous requests, the Administration proposes to merge all State Department and USAID assistance currently provided through four separate accounts – Development Assistance (DA), Assistance to Europe, Eurasia and Central Asia (AEECA), Democracy Fund, and the Economic Support Fund (ESF) – into a new State Department-led Economic Support and Development Fund (ESDF). The proposed merger – which has been consistently rejected by Congress – is accompanied by a $1.7 billion (19%) cut to overall development and economic assistance compared to FY20 enacted levels. The request also includes $506 million for Food Security, half of the $1 billion Congress provided in FY20.

Women's Global Development and Prosperity Initiative (W-GDP)
Within the proposed ESDF account, the Administration requests $200 million for the W-GDP Fund – double the FY20 enacted level – to expand and to create programs that support women's participation in the workforce and improve access to education and technical skills training.

DEVELOPMENT AND ECONOMIC ASSISTANCE FUNDING

	FY19 Enacted	FY20 Enacted	FY21 Request	Change from FY20
Economic Support and Development Fund (ESDF)	$0	$0	$5.93 billion	NA
Development Assistance (DA)	$3 billion	$3.4 billion	$0	▼ -100%
Economic Support Fund (ESF)	$3.72 billion	$3.05 billion	$0	▼ -100%
Assist. for Europe, Eurasia, & Central Asia (AEECA)	$760 million	$770 million	$0	▼ -100%
Democracy Fund	$227 million	$274 million	$0	▼ -100%
Millennium Challenge Corporation (MCC)	$905 million	$905 million	$800 million	▼ -12%
Peace Corps	$411 million	$411 million	$401 million	▼ -2%

Humanitarian Assistance: Merged and Significantly Reduced. Mirroring its FY20 request, the Administration proposes to consolidate almost all humanitarian-related funding into a new International Humanitarian Assistance (IHA) account in FY21. Instead of the dual-hatted leadership structure proposed in the FY20 request, the new account would be administered by USAID's new Bureau of Humanitarian Assistance and under the authority of the Secretary of State. Additionally, and despite today's unprecedented humanitarian challenges, the merger is accompanied by a $3.3 billion (34%) cut to overall humanitarian assistance compared to FY20 enacted levels. This proposal is once again likely to encounter resistance on Capitol Hill.

HUMANITARIAN ASSISTANCE FUNDING

	FY19 Enacted	FY20 Enacted	FY21 Request	Change from FY20
International Humanitarian Assistance (IHA)	$0	$0	$5.97 billion	NA
Disaster Assistance (IDA)	$4.39 billion	$4.4 billion	$0	▼ -100%
Refugees (MRA)	$3.43 billion	$3.43 billion	$299 million	▼ -91%
Emergency Refugees (ERMA)	$1 million	$100,000	$0	▼ -100%
Title II, PL 480 Food for Peace	$1.72 billion	$1.73 billion	$0	▼ -100%
Total	**$9.53 billion**	**$9.55 billion**	**$6.27 billion**	▼ **-34%**

Global Health: Steep Cuts to Most Programs. The FY21 request includes $6 billion for Global Health programs, a $3.09 billion (34%) reduction from the FY20 enacted level. As a result, nearly all major programs receive steep cuts, with two notable exceptions.

Gavi, the Vaccine Alliance
The Administration provides $290 million for Gavi, the Vaccine Alliance, as part of an anticipated four-year (FY20-FY23) $1.16 billion pledge. This matches the annual funding level provided by Congress in FY20 and would represent the largest multi-year U.S. pledge to the Alliance to date.

Global Health Security
The budget includes $115 million for Global Health Security – a $15 million (15%) increase compared to the level Congress provided in FY20 (discussed in Takeaway #3). This includes $25 million for the Emergency Reserve Fund, which contains non-expiring funds that can be quickly accessed to respond to emerging disease threats.

Deep cuts are reflected in the Administration's request for other critical areas:

- Programs to treat global HIV/AIDS receive $3.84 billion, a cut of $2.09 billion (35%) from the FY20 enacted level. The Administration argues that coupled with prior-year funds, this level will support epidemic control in 13 PEPFAR priority countries and maintain "all current patients" on antiretroviral treatment.
- Within the request for HIV/AIDS, the Administration proposes $658 million for the U.S. contribution to the Global Fund, a $902 million (58%) cut from the FY20 enacted level. For the current three-year replenishment cycle, the FY21 budget reprises last year's proposal to leverage $3 from other donors for every $1 from the U.S. rather than the 2:1 match authorized by Congress.
- Polio eradication sees a $36 million (59%) cut from the FY20 enacted level.

GLOBAL HEALTH FUNDING*

	FY19 Enacted	FY20 Enacted	FY21 Request	Change from FY20
Bilateral PEPFAR	$4.37 billion	$4.37 billion	$3.18 billion	▼ -27%
Global Fund	$1.35 billion	$1.56 billion	$658 million	▼ -58%
USAID HIV/AIDS	$330 million	$330 million	$0	▼ -100%
Malaria	$755 million	$770 million	$709 million	▼ -8%
Tuberculosis	$302 million	$310 million	$275 million	▼ -11%
Maternal/Child Health	$835 million	$851 million	$660 million	▼ -22%
Vulnerable Children	$24 million	$25 million	$0	▼ -100%
Nutrition	$145 million	$150 million	$90 million	▼ -40%
Family Planning	$608 million	$608 million	$237 million	▼ -61%
NTDs	$103 million	$103 million	$75 million	▼ -27%
Global Health Security	$100 million	$100 million	$115 million	▲ 15%
Total	**$8.84 billion**	**$9.09 billion**	**$6 billion**	▼ **-34%**

**State Department and USAID Global Health accounts only, except for family planning*

Environmental Programs: Reductions and Eliminations. The Administration's request includes $91 million for biodiversity initiatives, $34 million to counter poaching and animal trafficking, and $47 million for sustainable landscapes – cuts of $224 million (71%), $67 million (67%), and $88 million (65%) respectively compared to FY20 enacted levels. Once again, the Administration includes no funding for the Green Climate Fund (GCF) and for the second year, requests no funding for the Global Environmental Facility (GEF), which Congress funded at $140 million in FY20.

Democracy Programs: Cut by a Third. The FY21 budget proposes $1.7 billion for cross-cutting programs that support democracy, human rights, and governance – $735 million (30%) below the FY20 enacted level. The request also reduces funding for the National Endowment for Democracy to $67 million, $233 million (78%) less than the FY20 enacted level.

Educational and Cultural Exchange (ECE): Funding Slashed. The request includes $310 million for ECE programs – $421 million (58%) less than the FY20 enacted level. Compared to FY20 enacted levels, academic exchanges such as the Fulbright Program would be cut by $204 million (58%), while professional and cultural exchanges would be reduced by $150 million (68%).

Reform and Modernization

The Administration's FY21 budget advances several key reform and modernization initiatives at the State Department and USAID.

State Department Reforms
As in past years, the State Department's FY21 request proposes a number of reforms with a focus on cybersecurity and Public Diplomacy.

- **Strengthening Cybersecurity:** The request proposes a realignment of personnel and resources from several offices to create a new office of Cyberspace Security and Emerging Technologies (CSET). According to the Administration, CSET will ensure that the Department of State cultivates expertise in cybersecurity to prepare for emerging national security challenges. These advances in cybersecurity are consistent with similar IT reforms in the Administration's FY20 request.
- **Public Diplomacy Review:** The Administration's request would reduce Public Diplomacy (PD) funding by $96 million (15%) while the Department undertakes a strategic review of functional and regional bureaus' public diplomacy operations. This review is intended to modernize the Department's PD strategy, promoting data-driven programming that can better address U.S. foreign policy priorities. Of note, the Administration also proposes a shift in funding from traditional PD programs to the Global Engagement Center (GEC), arguing that this will "bolster efforts to counter Russian and Chinese disinformation and propaganda."

Operationalizing USAID Transformation
The Administration proposes to operationalize and institutionalize several key structural changes of USAID Transformation, building on the ongoing implementation of almost 30 reform efforts.

- **Hub for Innovation:** USAID's new Bureau for Development, Democracy, and Innovation (DDI) seeks to build expertise and integrate innovative practices into all of USAID's programming. The FY21 request for DDI supports programs such as the recently-launched New Partnerships Initiative, to elevate the role of local leaders in partner countries' journeys to self-reliance. The request also supports the implementation of USAID's Digital Strategy and Private Sector Engagement Strategy.
- **Fostering Food and Water Security:** The budget supports the new Bureau for Resilience and Food Security, which aims to more effectively align USAID's resources to advance the Global Food Security Strategy and Global Water Strategy, as well as promote environmental resilience and economic growth driven by agriculture.

Civilian Capacity

At a time when the State Department and USAID are continuing to implement reform and modernization efforts, the FY21 budget proposes cuts to the agencies' core operating accounts. These reductions, while generally less severe than what has been proposed for other parts of the International Affairs Budget, could undermine America's ability to effectively advance our global interests through development and diplomacy.

Diplomatic Programs (DP): Modest Decrease. The State Department's DP account – which funds personnel, infrastructure support, and operations costs – receives $8.49 billion, a $636 million (7%) cut compared to the FY20 enacted level. The request includes $3.7 billion for diplomatic security through the Worldwide Security Protection (WSP) account, $400 million (10%) less than what Congress provided in FY20. The Administration uses the partial suspension of operations in Iraq and the consolidation of operations in Afghanistan as justification for the decrease in diplomatic security funds.

Embassy Security Construction and Maintenance (ESCM): Some Cuts. The request includes $1.68 billion for the State Department's ESCM account – a cut of $292 million (15%) compared to the FY20 enacted level. When adjusted for Congress's rescission of unobligated ESCM funds included in the FY20 appropriations bill, the cut only amounts to $49 million (3%). The Administration argues that this funding level will sufficiently cover the State Department's share of the $2.2 billion in annual funding required for the construction of new secure embassies and other facilities.

Operating Expenses (OE): Slightly Reduced. USAID's OE account – which supports personnel and the administrative costs of implementation, monitoring, and evaluation of USAID's foreign assistance programs – receives $1.31 billion, a $65 million (5%) cut compared to the FY20 enacted level. The request supports a workforce consistent with December 2017 staffing levels but is below the levels supported by Congress in its FY20 spending package.

Engaging with Multilateral Institutions

For the fourth year in a row, the Administration's budget includes proposals to dramatically reduce U.S. contributions to multilateral institutions. If enacted, the U.S. would likely face arrears for certain institutions and lose an important platform of influence on the global stage.

International Financial Institutions (IFIs): Funding Cut. The request includes $1.56 billion for Treasury International programs, $211 million (12%) less than the FY20 enacted level. Much of this funding is to meet the annual replenishment commitments of the World Bank's International Development Association ($1 billion), the International Bank for Reconstruction and Development ($207 million), the African Development Fund ($171 million), and other IFIs.

Contributions to International Organizations (CIO): Deep Reductions for the UN. The budget includes $966 million for assessed Contributions to International Organizations (CIO), a $508 million (34%) cut from the FY20 enacted level. Although some savings have been achieved in the UN's budget in recent years, deep reductions proposed by the Administration would lead to the accumulation of significantly more in arrears and weaken key political missions in places like Iraq, Afghanistan, Libya, and Somalia.

International Organizations and Programs (IO&P): Zeroed Out. Once again, the Administration provides no funding for the IO&P account, which funds programs like the UN Children's Fund (UNICEF), UN Women, and the UN Development Programme. Like last year's request, the Administration suggests that a limited number of entities traditionally funded by this account would instead be supported through the ESDF account in FY21.

Agencies Slated for Elimination

For the fourth year in a row, the Administration proposes to eliminate funding for several agencies that advance U.S. interests and values at home and abroad, providing some with a small amount of funding for orderly closure.

- The East-West Center
- The Asia Foundation
- The Inter-American Foundation
- The U.S. African Development Foundation
- The U.S. Trade and Development Agency

II. Snapshot of Country and Regional Funding

As in past years, the FY21 budget request specifies funding levels for each country and region. It is important to note that comparisons in this section are to FY19 actual levels since the Administration has not yet determined FY20 allocations.

Africa: The FY21 request provides $5.07 billion to advance the U.S. Strategy for Africa – $3.23 billion (39%) less than the FY19 actual level. The bulk of these resources are directed to strengthen health programs in Africa, such as PEPFAR, and electricity projects, such as Power Africa, while other assistance focuses on food security, counterterrorism, and resilience efforts. This also includes $75 million for the Prosper Africa initiative – $50 million more than the FY19 enacted level – aimed at expanding two-way trade and opening new markets for American businesses.

Indo-Pacific: The Administration requests $1.49 billion in FY21 to support the U.S. Indo-Pacific Strategy. As previously noted, this is $32 million (2%) below the FY19 actual level and aims to stem China's territorial claims in the South China Sea, combat violent extremism, and improve infrastructure projects. Countries in the region receiving the most assistance include Bangladesh, the Philippines, Vietnam, Burma, Indonesia, Laos, Sri Lanka, and Cambodia.

Europe and Eurasia: For FY21, the request includes $638 million for Europe and Eurasia – a significant $566 million (47%) cut from the FY19 actual level. According to the Administration, resources will bolster efforts to counter Russian malign influence and aggression by supporting good governance, anti-corruption, and cybersecurity programs. Top aid recipients include Ukraine, Georgia, and Moldova. Notably, proposed FMF funding for Ukraine remains consistent with the FY20 enacted level of $115 million.

Middle East and North Africa: The FY21 request proposes $6.5 billion for the Middle East and North Africa, a $1.3 billion (17%) cut from FY19 actual levels. The region remains among the largest recipients of U.S. assistance funding compared to other parts of the world – with assistance to Israel, Egypt, and Jordan accounting for 91% of the total request. The Administration notes that these resources will support efforts to counter Iran, combat ISIS and other terrorist groups, and reinforce long-standing partnerships with key allies in the region.

South and Central Asia: The Administration requests $1.1 billion to support the U.S. South Asia Strategy in FY21 – $188 million (15%) less than the FY19 actual level. The largest recipients of U.S. assistance in the region include Afghanistan, Pakistan, Uzbekistan, and Tajikistan. Assistance is intended to support counter-terrorism efforts, bolster democracy and governance reforms, encourage economic self-reliance, and improve education and health programs in order to create a more secure region.

Western Hemisphere: The Administration's FY21 request proposes $1.4 billion in funding for Central and South America, a $316 million (18%) cut from FY19 actual levels. This funding is largely focused on Colombia ($413 million), Central America ($377 million), and Venezuela ($205 million). Other major recipients include Peru and Mexico. Programmatic efforts include strengthening police capacity, improving food security, building energy infrastructure, promoting economic growth and human rights, and combatting drug trafficking.

III. What's Ahead

For the past three years, Congress has overwhelmingly rejected proposals by the Administration to slash funding for America's development and diplomacy programs. This year, Congress is once again expected to assert its constitutional authority over spending and set its own priorities when it comes to the International Affairs Budget.

The bipartisan budget deal reached last summer by Congress and the Administration established topline discretionary spending levels for FY21. As a result, passing an FY21 budget resolution is unlikely to be a priority for the House or the Senate.

With topline discretionary spending levels already in place, the House and Senate Appropriations Committees can immediately turn their attention to the process of drafting and approving FY21 spending bills. As a first step, the committees are expected to hold a series of budget hearings to consider the Administration's FY21 request in the coming weeks. The topline spending levels included in the budget deal will guide Appropriators' decisions on funding for individual appropriations bills, including the State-Foreign Operations bill that funds the vast majority of the International Affairs Budget.

However, given the political realities and shortened legislative calendar in an election year, it is unlikely Congress will approve all 12 appropriations bills before the start of the new fiscal year on October 1. A short-term Continuing Resolution (CR) may be needed to keep the government open and give lawmakers additional time to finalize FY21 spending.

IV. Additional Information and Resources

OMB Budget Charts and Material

- https://www.whitehouse.gov/wp-content/uploads/2020/02/budget_fy21.pdf
- https://www.whitehouse.gov/wp-content/uploads/2020/02/FY21-Fact-Sheet-National-Security.pdf

State Department Budget and Material

- https://www.state.gov/wp-content/uploads/2020/02/FY-2021-CBJ-Final.pdf
- https://www.state.gov/state-department-and-u-s-agency-for-international-development-usaid-fy-2021-budget-request/

USAID Budget and Material

- https://www.usaid.gov/sites/default/files/documents/1881/FY2021_Budget_Fact_Sheet.pdf

V. Account-by-Account Details

Download the Account-by-Account Details:

- https://www.usglc.org/media/2020/02/FY21-Account-by-Account-Summary-1.xlsx