



DEPARTMENT OF STATE AND OTHER INTERNATIONAL PROGRAMS

Funding Highlights:

- Provides \$47 billion for the Department of State and the U.S. Agency for International Development, a 1 percent increase from 2010, when costs for Overseas Contingency Operations are excluded. Significant levels of funding are continued for operations and assistance in Iraq, Afghanistan, and Pakistan. Increases are made in the areas of food security and global health. Savings have been created through foreign assistance reductions in several countries.
- Makes strategic investments essential for U.S. national security in a time of constrained resources, and strengthens core diplomatic and development activities essential for U.S. global leadership.
- Promotes U.S. exports and economic growth by supporting the President's National Export Initiative through increased resources for the Export-Import Bank.
- Supports implementation of the Presidential Policy Directive on Global Development by targeting investments that will support economic growth, democratic governance, game-changing innovations, sustainable capacity, and mutual accountability, especially through initiatives in global health, climate change, and food security.
- Invests in multilateral institutions, including the multilateral development banks, leveraging resources from other donor partners and supporting key countries and Administration priorities.
- Reduces bilateral programs and the Assistance for Europe, Eurasia and Central Asia account to focus funding on regions with the greatest assistance needs.
- Reduces funding for the African Development and Inter-American Foundations by nearly 20 percent and directs the organizations to seek partnerships to leverage and maximize remaining funding.
- Continues a multi-year initiative to strengthen U.S. diplomatic and development expertise in countries of the greatest strategic importance.
- Advances efforts to address national security challenges through a cooperative approach that includes funding to support a Global Security Contingency Fund that integrates Defense and State resources to address security crises involving both agencies.
- Supports U.S. Agency for International Development operational and programmatic improvements, including reforms to procurement systems and investments in science and technology, innovation, and monitoring and evaluation.

The Department of State, the U.S. Agency for International Development (USAID), and other international programs advance the national security interests of the United States through global engagement, partnership, and the promotion of universal values. By investing in civilian diplomatic and development power alongside defense, we take an integrated approach to solving global problems and support the mutually reinforcing elements of the President's national security strategy. The President's Budget proposes \$47 billion for the Department of State and USAID, excluding costs for Overseas Contingency Operations, a 1 percent increase from 2010. To support the Administration's ongoing efforts in key regions, significant levels of funding are continued for operations and assistance in Iraq, Afghanistan, and Pakistan. Increases are made in the areas of food security to help prevent political instability and reduce hunger, and global health to reduce the incidence of disease and strengthen local health systems. Although not subject to a freeze in funding, the Department is committed to finding efficiencies, cutting waste, and focusing on key priorities. Accordingly, foreign assistance to several countries has been eliminated. Additionally, efficiency gains have dramatically reduced the costs of treating AIDS through the Global Health Initiative, and future savings will be realized through changes to USAID's operating model to encourage local ownership and facilitate the phasing-down of such funding.

Maintains U.S. Global Leadership

Encourages Economic Growth through Support for the National Export Initiative.

Exports are a critical part of economic growth and driver of job creation, which is why the President set a goal of doubling exports over five years. To that end, the Administration provides funds for the Export-Import Bank to strengthen its efforts to promote small business exports and to meet increased financing demands at no cost to the taxpayer. This will support billions of dollars in new exports and hundreds of thousands of U.S. jobs. The Administration also supports U.S. Trade and Development Agency activities to promote

U.S. exports for priority development projects in emerging economies.

Supports the Presidential Policy Directive on Global Development. In September, the President signed a Presidential Policy Directive on Global Development, the first of its kind by a U.S. administration. The Administration requests \$27 billion to support the Presidential Policy Directive on Global Development by focusing on sustainable development outcomes and placing a premium on broad-based economic growth, democratic governance, game-changing innovations, and sustainable systems for meeting basic human needs.

Fights Hunger and Expands Food Security Efforts.

Greater food insecurity can lead to violence, political instability, and tension between nations. The Administration includes funding for agriculture development and nutrition programs as part of a multi-year plan—as well as a G-8 commitment—by making strategic investments that address the root causes of hunger and poverty and lift a significant number of people out of poverty, and reduce malnutrition for millions of children under five years old by 2015. The Administration provides funding through bilateral assistance and a multi-donor facility administered by the World Bank for poor countries that make policy and financial commitments to address their internal food security needs. Assistance helps countries increase agricultural productivity, improve agricultural research and development, and expand markets and trade, as well as monitors and evaluates program performance. The Administration also maintains strong support for food aid and other humanitarian assistance, including \$4.2 billion to help internally displaced persons, refugees, and victims of armed conflict and natural disasters.

Saves Lives and Strengthens Health Systems in Developing Countries.

The President's Global Health Initiative (GHI) will save millions of lives while fostering sustainable health care delivery platforms through increased investments in global health. We invest in global health to promote social and economic progress

and support the rise of capable partners who can help us solve regional and global problems. The GHI will achieve ambitious health outcome targets by focusing on country-led strategies to address the full range of developing country health needs in an integrated way while strengthening partner-country health systems. The GHI supports innovation by investing in promising technologies and bringing potential advances to scale. Overall, the Administration will invest \$9.8 billion in the GHI and continues to pursue the ambitious health outcome targets laid out in the GHI strategy document and seek efficiencies in program delivery.

Encourages Low-Emission, Climate-Resilient Economic Growth for Developing Countries. Climate change knows no borders and its effects can impact the U.S. economy and national security. The Administration makes strategic climate change investments to reduce global greenhouse gas emissions by focusing on scalable investments, leveraging outside resources, and taking a global view of the most effective climate investments through three key programmatic areas: 1) Clean Energy investments through multilateral institutions like the Clean Technology Fund and bilateral activities that focus on energy efficiency, renewable energy, and energy sector reforms to support sustainable energy deployment; 2) Sustainable Landscapes, which include bilateral investments in improving estimation, monitoring and quantifying emissions, as well as forest governance through allocations to the Forest Investment Program; and 3) Adaptation to the effects of climate change for Sub-Saharan Africa, least developed countries, small island states, and glacier-dependent nations, which will witness the greatest impacts of climate change.

Funds Multilateral Development Banks and Promotes Good Governance. The Administration continues support for the multilateral development banks, which invest in key strategic countries like Afghanistan and Pakistan, in Administration priorities such as food security and climate change, and leverage significant resources from other donors. Through funding for

the Millennium Challenge Corporation, the Administration supports developing countries that invest in their people, rule justly, and support economic freedom.

Invests in Long-Term Partnerships in Iraq, Afghanistan, and Pakistan. The Budget continues significant levels of funding for operations and assistance in Iraq, Afghanistan, and Pakistan within the base budget while extraordinary and temporary costs are requested as Overseas Contingency Operations funding. Base resources requested to support strong, long-term partnerships with these countries include core diplomatic and development operational support funding and economic development, health, education, governance, security, and other assistance programs necessary to reinforce development progress and ensure stability.

Sustains Improvements in Diplomatic Capacity. The Budget supports critical gains made since 2008 toward building diplomatic capacity. It sustains recent gains in Foreign Service growth, including those proposed in the 2011 Budget, and responds to evolving worldwide security threats in order to protect our employees and facilities overseas. The Budget continues the Capital Security Construction Program and expands the scope of investments to ensure that the United States properly plans and budgets for the life cycle needs of facilities. The Budget also reflects ongoing consolidation of management operations overseas to capture further efficiencies in the field and to allocate new and tenured personnel to the highest priority posts overseas.

Reduces Costs and Improves Planning

Reduces Bilateral Programs. Entire bilateral programs in six countries have been eliminated, and the Assistance for Europe, Eurasia and Central Asia account has been reduced by \$115 million in order to focus funding on regions with the greatest assistance needs. While important U.S. national security interests and development challenges remain in the region, the reduction reflects the success of sustained U.S. assistance

efforts over the last 20 years and the perception that several countries are firmly on track to membership in Euro-Atlantic institutions.

Eliminates Bilateral Security Assistance for Several Countries. Several countries will no longer receive bilateral security assistance funding, as resources are being focused on countries with strategic significance. This reprioritization will be made across a range of accounts and activities including eliminating bilateral requests for five countries within the Foreign Military Financing account and nine countries within the International Military Education and Training account. Requested security assistance funds will become more focused on key priorities including program funding for Israel, Pakistan, and other coalition partners and allies, as well as programs that are critical to containing transnational threats including terrorism and trafficking in narcotics, weapons, and persons.

Reduces Funding for African Development and Inter-American Foundations. The African Development and Inter-American Foundations have been cut by nearly 20 percent and directed to reduce their overhead and seek partnerships to leverage their remaining funds. These partnerships will allow the foundations to continue grassroots development efforts at current levels while more closely aligning programs to Administration development objectives.

Advances Interagency Assistance Planning. The Budget builds on past efforts that included establishment of the Civilian Stabilization Initiative (now Conflict Stabilization Operations) and Complex Crises Fund by establishing a new funding mechanism to facilitate greater joint Department of Defense-State planning, funding, and execution of security sector and stabilization assistance programs worldwide. The Global Security Contingency Fund will serve as an important pilot for efforts to use pooled funds to better integrate planning and budgeting to meet national security needs.

Supports USAID Initiative to Make Operations More Efficient and Effective. The Budget includes support for the Administration's new operational model that underscores the importance of country ownership and sustainability with the goal of helping countries graduate from the need for foreign assistance. A key element of this effort is USAID's Implementation and Procurement Reform Initiative, which supports contracting and grants to more and varied local partners; increases the number of in-house procurement specialists; and creates partnerships with host countries through improved procurement systems. Another component of the effort is increased investments in science, technology, and innovation with the goal of finding game-changing innovations with the potential to solve longstanding development challenges. This funding will take a venture capital-like approach to supporting high-risk high-reward projects that are brought to increasing scale as they demonstrate impact.

Improves Efficiency of Foreign Affairs Operations. Although foreign affairs funding is not part of the freeze on non-security discretionary spending, it is critical that these funds are used in a way that maximizes the impact of every dollar and that funds are not wasted on the unnecessary. The Department of State will use information technology to achieve efficiencies and save approximately \$15 million in 2012. These efficiencies include eliminating duplication of data center services and infrastructure to control energy use and facility costs, phasing out legacy messaging systems, and implementing the Global Foreign Affairs Compensation System that operates in a more efficient computing environment and eliminates the need for a mainframe computer. And within the Global Health Initiative, the costs of commodities and service delivery continue to fall dramatically; notably, the per patient cost to the United States of providing anti-retroviral treatment for AIDS patients has fallen by over 50 percent since 2008 due to increased use of generic drugs, task-shifting to nurses and community health workers as appropriate, and increased involvement from and improved coordination with partner governments.

Department of State and Other International Programs
(In millions of dollars)

	Actual 2010	Estimate	
		2011	2012
Spending ¹			
Discretionary Budget Authority:			
Administration of Foreign Affairs	9,716		10,362
International Organizations and Peacekeeping	3,808		3,539
Economic Support Fund	6,570		5,969
Global Health and Child Survival	7,829		8,716
International Narcotics and Law Enforcement	1,848		1,512
Migration and Refugee Assistance	1,693		1,613
Non-proliferation, Anti-terrorism, Demining Programs	754		709
Foreign Military Financing.....	5,470		5,550
Assistance for Europe, Eurasia, and Central Asia	742		627
Development Assistance.....	2,520		2,918
USAID Operating Expenses	1,389		1,503
Other State and USAID programs	2,527		2,326
<i>USDA Food for Peace Title II (non-add in total budget authority line).....</i>	<i>1,690</i>		<i>1,690</i>
Sub-Total, Department of State and USAID (including Food for Peace)	46,554	47,421	47,033
Treasury International Programs.....	2,129		3,364
Millennium Challenge Corporation.....	1,105		1,125
Peace Corps	400		440
Broadcasting Board of Governors.....	746		767
Export-Import Bank.....	2		-213
Overseas Private Investment Corporation	-203		-188
Other International Programs.....	250		283
Total, Discretionary budget authority ^{2,3}	49,293	51,384	50,921
<i>Memorandum:</i>			
<i>Budget authority from enacted supplementals not included above</i>	<i>2,318</i>	<i>—</i>	<i>—</i>
Total, Discretionary outlays	43,876	55,851	62,656
Total, Mandatory outlays.....	1,124	-1,050	-47
Total, Outlays	45,000	54,801	62,609
Credit activity			
Direct Loan Disbursements:			
Export-Import Bank.....	2,936	25	25
All other programs.....	518	8,283	6,203
Total, Direct loan disbursements.....	3,454	8,308	6,228

Department of State and Other International Programs—Continued
(In millions of dollars)

	Actual 2010	Estimate	
		2011	2012
Guaranteed Loan Commitments:			
Export-Import Bank.....	17,725	14,425	21,500
All other programs.....	954	3,294	3,558
Total, Guaranteed loan commitments	18,679	17,719	25,058

¹Discretionary Budget Authority does not include 2010 and 2011 Overseas Contingency Operations (OCO) equivalent funding or 2012 OCO funding, which are presented in the OCO Chapter.

²2010 Total Discretionary Budget Authority includes \$1.5 billion in funding from the 2010 Supplemental (P.L. 111–212) and \$1.5 billion in forward funding from the 2009 Supplemental (P.L. 111–32).

³2010 Total Discretionary Budget Authority does not include a \$300 million transfer from the Department of Health and Human Services to the Department of State and USAID for the Global Fund to Fight AIDS, Tuberculosis, and Malaria.