



U.S. Global Leadership Coalition
International Affairs Budget Update
April 10, 2013

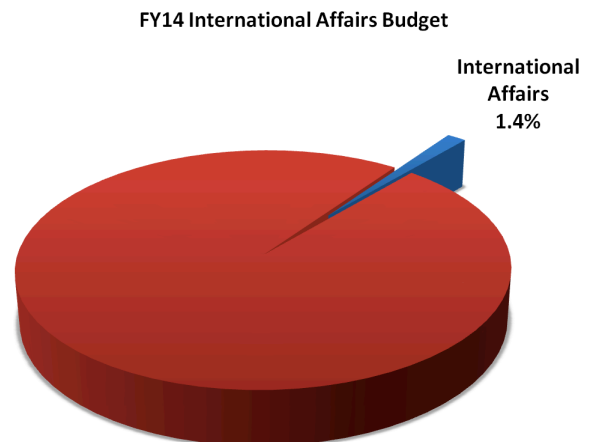
USGLC Applauds the President's FY14 International Affairs Budget for Balancing America's Strategic Interests At a Time of Fiscal Constraints

TOTAL FY14 INTERNATIONAL AFFAIRS BUDGET REQUEST FLAT AFTER YEARS OF CUTS

The Administration's \$52 billion International Affairs Budget request is nearly identical to amounts enacted for FY13 (post-sequestration) and a 4% cut from FY12. While the overall funding level remains roughly the same, the spending blueprint includes several areas of significant re-prioritization and rebalancing that reflect shifting U.S. foreign policy interests and emerging geopolitical demands in a constrained fiscal environment.

Key highlights in the President's request include:

- Additional resources to protect our diplomats and facilities abroad;
- New tools to respond to democratic transitions and the Arab Spring;
- Increased assistance to Asia as the U.S. expands its presence in the region;
- Changes in how the United States delivers food assistance;
- Enhanced operational reforms at USAID;
- Continuation of Presidential Initiatives for food security and global health;
- Strengthened capacity for U.S. export and international investment agencies to advance America's economic interests; and
- Greater prioritization on the empowerment of women and girls.



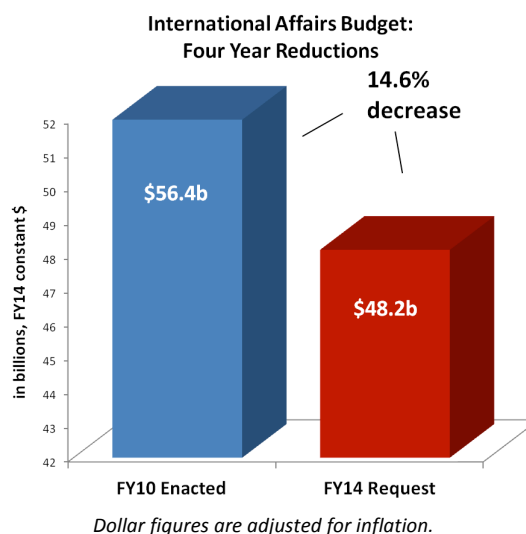
At the same time, the FY14 budget reflects greater selectivity in a constrained budget environment by offering plans for cutting back in selected areas:

- Significantly down-sizing resources for the Frontline states of Afghanistan, Pakistan, and Iraq;
- Scaling back on USAID's presence in eleven countries;
- Reducing the number of focus nations under Feed the Future and Global Health;
- Continuing the downward trend in assistance to Eurasia and Central Asia; and
- Turning over greater responsibility to partner governments for counter-narcotics efforts in Colombia and HIV/AIDS programs in South Africa.

Similar to the past two years, the International Affairs Budget is divided into two components – base programs and Overseas Contingency Operations (OCO), out of which temporary and

extraordinary resources for the Frontline States of Afghanistan, Pakistan, and Iraq are provided. Of the \$52 billion total International Affairs Budget request, \$48.2 billion is base funding and \$3.8 billion supports OCO programs. While this request seeks to re-balance the deep and disproportionate cuts that have been made to non-war related programs since FY10, the FY14 proposal would still be well below the levels spent as recently as 2010. These cuts have occurred despite a growing number of crises, including heightened turbulence in the Middle East and North Africa and increasing threats to our diplomats and development experts.

In addition to significantly reducing total funding for OCO in FY14, the request makes an additional important change by limiting OCO exclusively to activities in the Frontline States. In the last two years, Congress expanded the scope of OCO by providing funds for other global contingencies beyond the Frontline States. For FY14, the Administration proposes to move non-Frontline States OCO funding back to base International Affairs Budget accounts. This is consistent with last year's Senate efforts to address the concern that, as OCO declines and perhaps even disappears in a few years, transferring non-Frontline States resources back into the base will be more difficult given tight overall caps that are in place for the next decade.



PRESIDENT’S BUDGET REQUEST IMPROVES ON SENATE AND HOUSE PLANS

An unusual circumstance around the President’s budget this year is that it comes after both the House and Senate have adopted their own budget outlines for FY14. Normally, the Administration would have sent Congress its plan in early February, with Congressional action not occurring until March or April. Last month, both chambers passed FY14 Budget Resolutions -- with the House making significant cuts to the International Affairs Budget, setting base spending at only \$38.7 billion. This would represent a 5.6% cut from current sequestered levels and total a 25% cut over the past four years. In contrast, the Senate approved a budget resolution that provided \$45.6 billion in base appropriations.

ABOUT THIS UPDATE

The USGLC will continue to update this analysis as additional information becomes available in the coming weeks. Wherever possible, budget comparisons in this update are based on the FY14 request relative to current FY13 sequestered amounts for both base and OCO accounts. In some cases, the FY13 levels will represent estimates since the Administration has not shown sequestered amounts for every International Affairs Budget account. With enactment of the final FY13 Continuing Resolution (CR) coming only last month, decisions on how to allocate funds at the country, regional, and programmatic levels have not been made. Consequently, many comparisons must be made against FY12 actual amounts. Top-line figures refer to the International Affairs Budget and may not align with amounts the State Department and others may use when presenting their budget proposal.

INCLUDED IN THIS UPDATE:

1. [USGLC Statement](#)
2. [Highlights of Increases and Decreases](#)
3. [Notable Program Funding and Policy Issues](#)
4. [Notable Country and Regional Issues](#)
5. [Comprehensive List of Increases and Decreases](#)
6. [Account-by-Account Detail of the FY14 Request](#)
7. [What's Ahead](#)
8. [Additional Information and Resources](#)

1. USGLC STATEMENT ON THE PRESIDENT'S FY14 BUDGET REQUEST

The U.S. Global Leadership Coalition applauds the Obama Administration for its \$52 billion International Affairs Budget request (which includes \$3.8 billion for Overseas Contingency Operations), and urges Congress to support this balanced approach to protecting our security and global economic interests through our tools of development and diplomacy.

The President's request is flat compared to this year's total enacted International Affairs Budget, though still represents a cut over the past four years despite the growing number of crises America faces around the world. The request makes some tough choices, prioritizing protection of our diplomats and embassies, areas of strategic importance like the Middle East, reforms to make our civilian operations more effective, and greater leveraging of the partnerships with the private sector. At the same time, it significantly reduces resources for the Frontline states of Afghanistan, Pakistan, and Iraq and scales back on USAID's presence in eleven countries.

Given the many global crises America is facing around the world, national security and business leaders continue to recognize the important role the International Affairs Budget plays in protecting our nation and in creating new markets for our goods and services around the world. Last month, the head of U.S. Central Command, General James Mattis, told Senators, "If you don't fund the State Department fully, then I need to buy more ammunition." And as 95 percent of the world's consumers live outside the U.S., pulling back from our engagement in the world puts our economy at risk.

At just over one percent of the entire federal budget, our development and diplomatic operations are a smart investment for American taxpayers. The President's request offers a responsible way to meet our national security and economic needs in a dangerous world, while also demonstrating the best of who we are as Americans.

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

2. HIGHLIGHTS OF INCREASES AND DECREASES

While the total International Affairs Budget request remains flat compared with FY13, there are several notable increases and decreases at the individual account level reflecting new realities and priorities. Significant account shifts are included in the boxes below while a more comprehensive list can be found [here](#).

HIGHLIGHTS OF INCREASES COMPARED WITH FY13

State Department Operations and Related:

- Diplomatic and Consular Programs, up 16.5% (\$1 billion) in base appropriations
- Embassy Security, up 55% (\$849 million) in base appropriations
- Contributions to International Organizations, up 7% (\$100 million) (includes \$78 million for UNESCO)
- Contributions for International Peacekeeping, up 9.5% (\$182 million) (for new African Union mission in Somalia and new UN presence in Syria)

Foreign Assistance:

- Middle East and North Africa Incentive Fund , a new account totaling \$580 million
- USAID Operating Expenses, up 9.4% (\$120 million)
- Development Assistance, up 5% (\$136 million)
- Global Health, up 3.1% (\$252 million)
- International Disaster Assistance, up 32% (\$495 million) (due to Food Aid transfer)
- Multilateral Development Banks, up 16% (\$397 million)

Investment Assistance:

- U.S. Trade and Development Agency, up 23.8% (\$15 million)

HIGHLIGHTS OF DECREASES COMPARED WITH FY13

State Department Operations and Related Accounts;

- National Endowment for Democracy, down 8% (\$9 million)

Foreign Assistance:

- Democracy Fund, resources transferred to Economic Support Fund
- Europe, Eurasia, Central Asia, funds transferred to Economic Support Fund at levels nearly half those in FY12
- Migration and Refugee Assistance, down 35% (-\$943 million)
- PL 480 food assistance, funding transferred to three USAID accounts
- International Narcotics Control and Law Enforcement, down 24.1% (-\$468 million)
- Non-UN Peacekeeping Operations, down 4.9% (-\$18 million)

3. NOTABLE PROGRAM FUNDING AND POLICY ISSUES

FRONTLINE STATES: SHARP REDUCTIONS IN CIVILIAN OPERATIONS AND ASSISTANCE

U.S. resources for both diplomatic and foreign assistance activities in Afghanistan, Pakistan, and Iraq have dominated the International Affairs Budget for a number of years with the global war on terror as the top U.S. national security priority. As recently as FY12, American investments in the Frontline States totaled \$11.2 billion representing 19% of the entire International Affairs Budget. The FY14 request alters the size and make up of civilian resources for Af/Pak/Iraq significantly, cutting State Department operations and aid programs to \$6.1 billion, 40% less than FY12. The Frontline States consume only 12% of total International Affairs spending in the FY14 submission.

Iraq. Following completion of the withdrawal of U.S. combat forces from Iraq in 2011, the size of civilian spending will fall dramatically in the FY14 proposal, with overall resources dropping 63% to \$1.75 billion and economic assistance alone declining by 80% compared with FY12. Economic aid will largely be limited to small democracy and governance activities with virtually no programs for education, health, agriculture, or economic growth. While the intention had

been to implement a “glide path” for downsizing the U.S. presence in Iraq, the FY14 budget accelerates that process significantly.

Afghanistan. As U.S. military forces withdraw from Afghanistan in 2014, civilian resources will also decline by 12.6% or \$445 million compared with FY12. Assistance to Afghanistan will decline by 4%, with especially sharp cuts for roads, water, and power projects. Nevertheless, U.S. investments in good governance, civil society, rule of law, agriculture, private sector development, and education remain strong and will grow in FY14. Overall, these trends are in sharp contrast with the Iraq experience where the departure of American military forces resulted in a temporary, short-term upsurge in State Department operations and foreign assistance.

Pakistan. Operations and aid for Pakistan similarly decline in the FY14 request, dropping by \$677 million or one-third from FY12. The largest cut comes for the Pakistan Counterinsurgency Capability Fund (PCCF) for which no funds are proposed. Congress eliminated FY13 PCCF appropriations in order to increase spending on diplomatic security and humanitarian programs.

DIPLOMATIC SECURITY

Following the tragic events in Benghazi last year where Ambassador Stevens and others lost their lives in an attack on the U.S. Consulate, the State Department, with the support of Congress, has significantly increased resources aimed at strengthening security and protecting U.S. officials at posts around the world. For FY14, the Administration seeks \$2.4 billion in base appropriations for Embassy Security, Construction, and Maintenance. This is nearly 55% higher than allocated in base funding for this year. Additional Diplomatic Security resources are also provided through the Diplomatic and Consular Programs account, where another \$1.6 billion is proposed for security-related activities, about one-third more than current levels.

Although details of exactly how these additional funds will be utilized are not yet available, it is certain that Congress will be examining the request to see to what extent the State Department is moving to implement recommendations made by the Accountability Review Board (ARB), convened by Secretary Clinton in October 2012. Under the leadership of Thomas Pickering and Admiral Mike Mullen the ARB called for strengthening security at high risk/high threat posts, revising high risk training and risk management courses, ensuring that overseas posts maintain adequate security and fire safety equipment, improving intelligence and threat analysis, and revising Department regulations regarding personnel accountability.

RESPONSE TO ARAB SPRING

In its FY13 budget request, the Administration requested \$770 million for a new account, the Middle East and North Africa Incentive Fund (MENA-IF). Many in Congress were highly skeptical of this initial request and lawmakers did not include the MENA-IF in the enacted FY13 CR. The State Department is again asking Congress to approve a new contingency account for the region, but at a reduced \$580 million level.

Stimulated by the past two years of turbulence in the Middle East and North Africa and demands by citizens for democratic reforms, the Incentive Fund is designed to provide additional tools to address short-term, unanticipated needs as well as longer term investments to promote institutional reform. Since the beginning of 2011, the State Department and USAID have re-directed \$1.8 billion to address emerging requirements in Syria, Tunisia, Egypt, Libya, and elsewhere.

The Incentive Fund request for FY14 includes \$105 million from two existing programs previously funded out of the Economic Support Fund: the Middle East Partnership Initiative

(MEPI) and the Middle East Regional program. The MENA-IF is unallocated by country or purpose and available to support reform agendas across the region.

FOOD ASSISTANCE: NEW POLICY PROPOSAL STRIVES FOR GREATER EFFICIENCIES

Perhaps the most significant reform – and the most controversial – included in the FY14 International Affairs Budget request is the Administration’s plan to end the Food for Peace Program (also known as P.L. 480/Title II) as we know it, replacing it with new delivery mechanisms aimed at enhancing flexibility, achieving efficiencies, and reaching more beneficiaries. While the proposal is roughly budget neutral for the International Affairs Budget, it would require the transfer of about \$1.4 billion from the Agriculture Appropriations bill to the State-Foreign Operations measure, making the allocation for State-Foreign Operations appear much larger than FY13, when in fact, the proposal would be offset by reduced funding for the Agriculture subcommittee.

According to Administration officials, these reforms will enable the United States to reach 2 to 4 million more beneficiaries, deliver food 11 to 14 weeks faster, and save 25% to 50% of costs. The Administration says that with these added efficiencies USAID will spend in FY14 \$1.8 billion in food assistance and related development activities, nearly identical to what was spent in FY12 through Food for Peace, Development Assistance, and IDA. There are differing views as to the challenges in securing a transfer of funds from one appropriation bill to another.

New Proposal. Currently under Food for Peace, the United States provides food for both emergency and non-emergency situations. Commodities must be purchased from American farmers and 50% of it must be shipped on U.S.-flag vessels. Non-emergency food aid is given to non-governmental organizations (NGOs) for community-based development programs for chronically food insecure populations. Much of the food aid is sold abroad – something referred to as “monetization” – to generate funds for food distribution costs and community-based programs. The FY13 Food for Peace appropriation is \$1.36 billion, of which about \$400 million is designated for development food programs.

Beginning under President Bush, the Administration sought authority to buy a portion of U.S.-provided food aid close to intended beneficiaries (known as local or regional procurement) in order to increase flexibility by saving procurement and shipping expenses and delivering the food more quickly. Congress agreed partially, but would not permit the use of Food for Peace funds for local purchases.

For FY14, the Administration proposes to transfer funds from Food for Peace to three USAID accounts from which the U.S. could deliver more food aid as cash vouchers and locally purchased commodities:

- **Increased funding in Development Assistance, ending monetization.** The proposal adds \$250 million to USAID’s Development Assistance account, and when combined with \$80 million already in the DA account, will provide \$330 million for the Community Development and Resilience Fund. These funds would end the practice of monetizing food for development programs by giving NGO aid implementers money directly for their activities. The Administration believes the reduction from about \$400 million for monetization to \$330 million within Development Assistance should deliver about the same amount of program resources due to savings from not buying, shipping, and selling food to generate cash for development programs.

- **Channeling all emergency food aid through USAID’s International Disaster Assistance (IDA) account.** The proposal combines \$1.1 billion from Food for Peace with \$300 million already allocated within the IDA account for emergency food relief, giving USAID about \$1.4 billion in FY14 for responding to global emergencies. The proposal also stipulates that 55% of these funds must be used to buy and ship American commodities. Currently, about 70% of U.S. food aid comes from this country.
- **Creation of the Emergency Food Assistance Contingency Fund.** This new account, with a \$75 million request, would be available for unexpected global needs that could not be met through IDA resources.

USAID FORWARD

In 2010, USAID Administrator Raj Shah announced a series of ambitious reforms – that later became known as *USAID Forward* – to strengthen the Agency’s ability to deliver more impactful results, create stronger partnerships with the private sector and local development partners, and to identify and scale up innovative, game-changing solutions to challenging development problems.

The budget request includes \$173 million for USAID Forward, 29% more than allocated in FY12 and a level that will add 22 new positions to help implement the initiative. The most significant plus-up in the FY14 budget for this reform agenda falls in the USAID’s Office of Science and Technology. Funding nearly triples from \$34 million in FY12 to \$85 million next year, in part to engage universities in the U.S. and abroad, as well as the global science and technology community.

STRENGTHENING TRADE AND INVESTMENT AGENCIES TO WORK WITH THE PRIVATE SECTOR

Two accounts within the International Affairs Budget that combine policy goals of promoting development through expanding trade and private investment and facilitating opportunities for American businesses to participate in these efforts will expand in FY14. The budget proposes increases that will enable these agencies to scale-up activities that support the role of the private sector in global development.

Overseas Private Investment Corporation. OPIC is a self-sustaining, self-funded entity backing U.S. investors with guarantees, political risk insurance, and private equity investment funds. Each year OPIC returns money to the Treasury, and in FY14 it estimates that \$198 million will flow back to U.S. government coffers (\$6 million more than estimated for FY13). The FY14 budget includes a 30 percent increase to OPIC’s administrative budget. This increase will be fully paid for from new revenue generated from the expansion of resources. With these additional resources, OPIC will be positioned to support \$5.7 billion in loans, insurance, and loan guarantees next year. The FY14 request will support several key U.S. foreign policy priorities by filling the President’s pledge of \$3 billion OPIC financing to the Middle East and North Africa, expanding work in Africa, especially in the energy and infrastructure sectors, and supporting initiatives such as the U.S.-Asia Pacific Comprehensive Partnership for a Sustainable Energy Future, the Partnership for Growth, and Feed the Future.

U.S. Trade and Development Agency. USTDA’s mission is to link American businesses with export opportunities by financing project planning, pilot projects, and reverse trade missions that promote economic growth programs in partner countries. In FY12, USTDA estimates that its activities led to \$2.2 billion in exports and over the course of the Agency’s history, it has

generated \$63 in American sales abroad for every \$1 in program funds. For FY14, USTDA seeks \$62.7 million, a one-third increase over FY13 levels. Increased resources will permit the Agency to expand in two areas: 1) providing advisory services to create legal and regulatory infrastructure to aid private sector participation in partner countries and assisting U.S. businesses comply with financial institutional requirements to move projects to implementation; and 2) supporting engineering and design studies and impact assessments that help bring projects to a successful closure.

PRESIDENTIAL INITIATIVES

Early in President Obama's first term, the White House announced three signature Presidential initiatives. Funding requested for FY14 would provide small increases for two of these initiatives, Feed the Future and Global Health, and hold Climate Change resources flat.

Feed the Future. The Administration requests \$1.2 billion in FY14, \$83 million (7%) higher than FY12. This amount includes \$135 million for the multilateral, Global Agriculture and Food Security Program and would meet and exceed the U.S. \$475 million pledge to this initiative. The FY14 request further supports the President's 2012 G-8 commitment to the New Alliance for Food Security and Nutrition, an effort to lift 50 million people in Africa out of poverty over the next ten years through the combined efforts of donor governments, African leadership, and private sector partners. Since 2010, Feed the Future has phased out 23 countries where the size of resources and the commitment of African governments did not meet the criteria for achieving substantial outcomes.

Global Health. In total, the FY14 budget proposes \$8.3 billion for Global Health, a modest 3% increase compared with FY13. But allocations for specific elements within Global Health vary widely:

The most significant aspect to the global health request relates to the **Global Fund** to Fight AIDS, Malaria, and TB (Global Fund). After meeting its \$4 billion, three-year pledge to the Global Fund with FY13 appropriations, the Administration proposes \$1.65 billion for FY14, the same as appropriated for FY13. As the United States moves to expand multilateral engagement to maximize the impact of fighting these infectious diseases, the FY14 request will send a strong signal of American leadership to other donors who will meet later this year to consider the next round of commitments to the Fund.

For the other part of our global health resources, most of which support bilateral country **PEPFAR HIV/AIDS** programs, the FY14 budget seeks \$4 billion, 3.9% higher (\$151 million) than FY13. A year ago in the FY13 request, the State Department proposed sharp reductions in several large PEPFAR countries, including Kenya and Ethiopia, due to growing pipelines of unused funds. The FY14 request proposes a return to the higher amounts for these programs: Ethiopia is set at \$190 million, up 5% from FY12. Kenya grows to \$382 million, up 58% from FY12.

For the other aspects of the global health budget, the FY14 request represents higher amounts in a few areas when compared with FY12 (FY13 allocations for all health elements have not been determined):

- Malaria receives \$670 million, up 3.1%;
- Maternal and Child Health grows to \$680 million, 12.3% above FY12;
- Within Maternal and Child Health, GAVI, a multilateral alliance to promote access to child immunization, increases to \$175 million. This is an addition of 35% and a level that could fulfill the U.S. three-year, \$450 million commitment, depending on allocation decisions for FY13; and
- Family Planning programs receives \$534 million, up 1% from FY12.

Funding for several other health activities would decline in FY14:

- USAID's HIV/AIDS programs, at \$330 million, decline by 6%;
- Vulnerable Children funding falls to \$13 million, 26% below FY12;
- TB declines to \$191 million, 19% below FY12;
- Pandemic Influenza is cut to \$47 million, 19% less than FY12;
- Neglected Tropical Diseases drops to \$85 million, a 4% decline; and
- Nutrition programs, at \$95 million, remain flat.

Global Climate Change. GCC funding is flat for FY14, with a budget of \$837 million. Within that total, bilateral Adaptation programs will grow by 1% and Clean Energy by 7%, while Sustainable Landscapes decline by 10%. According to Administration figures, the U.S. met its Copenhagen Fast Start commitment in FY12 and will reach its REDD+ commitment this year. The request, however, does not specify any U.S. contribution to the longer-term Copenhagen pledge by developed countries to mobilize, including resources from the private sector, \$100 billion annually by 2020 for climate needs in developing countries.

EMPOWERING WOMEN AND GIRLS

Throughout President Obama's first term and across multiple U.S. aid agencies, the empowerment of women economically, politically, and socially around the world has been a very high priority. Secretary Clinton created the first-ever Office of Global Women's Issues and USAID and the MCC each produced new gender policies that elevated the issues of women and girls across agency programs and activities. For the first time, last year the Administration highlighted in budget justification documents for FY13 the estimated resources planned for gender-related programs (\$1.68 billion).

For FY14, the Administration is estimating that its budget includes \$1.9 billion for Gender Equality/Women's Empowerment activities across all State Department and USAID accounts. This would increase spending on gender issues by 75% over FY12 and by 14% over what last year's budget recommended. According to officials, the State Department and USAID are applying new gender policy and implementation plans for the Women Peace and Security and the Gender-Based Violence programs in an effort to integrate women's empowerment fully into all U.S. foreign assistance. The FY14 budget further includes \$15 million to fund the Full Participation Fund, announced by Secretary Kerry in March 2013, which will support overseas embassy and mission efforts to integrate gender issues in a more impactful way.

APPLYING SELECTIVITY

At a time when all Federal spending requires close scrutiny for cost savings and the need to identify greater program efficiencies, the FY14 International Affairs Budget includes a number of areas where trade-offs are proposed and savings found. This aligns squarely with President Obama's Policy Directive on Global Development, in which he called for greater selectivity in where and on what sectors the U.S. works.

Specific items in the FY14 proposal, some of which are mentioned above, include:

- Significantly accelerating plans to decrease assistance and operations in Iraq.
- Reducing U.S. diplomatic presence in Afghanistan and beginning modest cuts in assistance, especially for roads, water, and power.
- Paring back by one-third diplomatic and development activities in Pakistan.
- Continuing the phase down of assistance to nations in Europe, Eurasia, and Central Asia by proposing a 44% reduction compared with FY12. Out of 13 country programs, 10 will be smaller than recommended in the FY13 budget. Some will be significantly smaller.
- Reducing Feed the Future by 22 countries since FY10, providing greater focus with potentially more impact on those programs that remain.
- Removing 23 countries as focus programs in Global Health in the past three years.
- Downsizing USAID presence in 11 countries in FY14, including Namibia, Madagascar, Benin, Mongolia, Albania, Macedonia, Paraguay, and Jamaica. Brazil's mission will transform to a Senior Development Advisor as the U.S. transitions from a donor relationship to one of a regional partner.
- Continuing greater cost sharing between the U.S. and South Africa in HIV/AIDs treatment programs, with the PEPFAR program cut 19% since FY12.
- Nationalizing the U.S.-Colombian counternarcotics activities with a 15% reduction in overall American assistance.
- Transitioning the Merida Initiative (anti-crime and law enforcement) in Mexico from one focused on the purchase of costly equipment to program that provides technical assistance on the rule of law and local capacity building.

4. NOTABLE COUNTRY AND REGIONAL ISSUES

SUPPORT FOR THE U.S. "PIVOT" TO EAST ASIA-PACIFIC

Under President Obama's and former Secretary of State Clinton's leadership, the United States launched a rebalancing effort to strengthen America's commitment to the Asia region, reflecting the view that Asia, as part of a twenty-first century U.S. foreign policy strategy, should receive greater attention and focus. The FY14 request takes several steps in aligning U.S. aid programs and partnerships with this rebalancing initiative.

East Asia and Pacific is the only region to show an increase in assistance for FY14, growing by \$53 million (7%) from FY12 levels. The proposal includes increased engagement for several regional multilateral organizations, including the Asia-Pacific Economic Cooperation Forum (APEC), higher levels (+62%) of assistance to Burma, stronger support for Philippine economic growth and governance programs as part of the Partnership for Growth framework, as well as other programs in Indonesia, Cambodia, and Laos.

HIGHLIGHTS FOR OTHER REGIONS (AFRICA, MIDDLE EAST, LATIN AMERICA)

While East Asia and Pacific, and Africa, are the only areas receiving a boost in foreign assistance in FY14, a number of specific highlights in each region are worth noting. (Regional top-line figures and comparisons exclude food assistance since those allocations have not been made for FY14.)

Sub-Saharan Africa. The FY14 budget proposes \$6.6 billion in aid to Africa, 1.4% more than FY12. While assistance to a number of countries remains the same, there are a few significant swings of note. Aid levels for Democratic Republic of Congo (PEPFAR and maternal/child health), Ethiopia (PEPFAR and maternal/child health) Kenya (PEPFAR), Nigeria (anti-corruption, rule of law, government accountability and capacity), and Tanzania (Partnership for Growth) receive the largest increases. Investments decline for others: Ghana (PEPFAR), Liberia (water, education, rule of law), Mali (constrained working environment), South Africa (PEPFAR), South Sudan (stabilization and agriculture), and Sudan (difficult programming environment). Continent wide, democracy and governance programs grow by 12% (\$34 million) compared with FY12.

Europe and Eurasia. The FY14 proposal continues the transition towards consolidating and prioritizing the highest U.S. interests in the region. Total American aid, economic and security, falls 21% below FY12. Programs continue to emphasize democratic and economic reforms, attempting to engage reformers in and out of government.

Middle East and North Africa. In total, U.S. aid to this turbulent region decreases in FY14 by 8%, although all of the reduction is due to Iraq. Without Iraq, funds increase slightly (1%) to \$6.8 billion. The new centerpiece of the Administration's proposal is the \$580 million Middle East and North Africa Incentive Fund, requested for FY13 but not enacted by Congress. Aid to Egypt remains steady at \$1.6 billion, as does assistance to Libya (\$6 million) and Yemen (\$82 million). Military assistance to Israel grows slightly to \$3.1 billion. Aid to Jordan declines by \$105 million (for a total of \$670 million) due entirely to a one-time budget support transfer in FY12 to help with energy price shocks and the costs of Syrian refugees. Assistance to West Bank/Gaza also declines by 11% to \$440 million.

South and Central Asia. Similar to the Middle East, due to cuts for Afghanistan and Pakistan, total U.S. assistance declines in FY14 by 14% to \$4.5 billion. Excluding the two Frontline States, however, aid drops by 4%. For Bangladesh, the largest recipient in the region outside of Afghanistan and Pakistan, assistance rises to \$166 million, 3% above FY12. U.S. assistance to the emerging economy, India, levels decline by 15%, phasing out traditional development sectors, emphasizing innovation funding, and moving towards a donor-to-donor partnership.

Latin America. The FY14 budget proposes a 14% cut, or \$253 million, in aid to region. Much of this reduction, however, is the result of declining assistance for Mexico and Colombia. In Mexico, U.S. support for the anti-crime Merida Initiative transitions to a program more focused on technical assistance than equipment procurements. With Colombia picking up a greater share of the costs of counternarcotics programs, U.S. assistance will decline to \$323 million, 16% less than in FY12. For what the Administration calls its highest priority in the region, the Central America Regional Security Initiative will receive \$161 million, 20% higher than in FY12. Aid for Haiti falls 10%, while assistance to El Salvador, a Partnership for Growth country, rises by 43% to \$42 million.

5. COMPREHENSIVE LIST OF INCREASES AND DECREASES

INCREASES COMPARED WITH FY13

- Diplomatic and Consular Programs, up 16.5% (\$1 billion) in base appropriations
- Embassy Security, up 55% (\$849 million) in base appropriations
- State Department's Capital Investment Fund, up 37.5% (\$21 million)
- Conflict Stabilization Operations, up 45% (\$14 million)
- Contributions to International Organizations, up 7% (\$100 million) (includes \$78 million for UNESCO)
- Contributions for International Peacekeeping, up 9.5% (\$182 million) (for new African Union mission in Somalia and new UN presence in Syria)
- Middle East and North Africa Incentive Fund , a new account totaling \$580 million
- USAID Operating Expenses, up 9.4% (\$120 million)
- USAID Inspector General, up 13% (\$6 million)
- Development Assistance, up 5% (\$136 million)
- Global Health, up 3.1% (\$252 million)
- Transition Initiatives, up 7.4% (\$4)
- International Disaster Assistance, up 32% (\$495 million) (due to Food Aid transfer)
- Emergency Food Assistance Contingency Fund, a new account totaling \$75 million
- Emergency Migration and Refugee Assistance, nearly 9 times higher (\$224 million)
- International Military Education & Training, up 6% (\$6 million)
- Global Security Contingency Fund, a new account totaling \$25 million
- Peace Corps, up 6.5% (\$23 million)
- Multilateral Development Banks, up 16% (\$397 million)
- U.S. Trade and Development Agency, up 23.8% (\$15 million)
- Overseas Private Investment Corporation, a self-financing entity, up 33% in administrative expenses that will support \$5.7 billion in new financing

DECREASES COMPARED WITH FY13

- USAID Capital Investment Fund, down 4% (-\$5 million)
- International Organizations and Programs, down 3% (-\$10 million)
- Democracy Fund, resources transferred to Economic Support Fund
- Europe, Eurasia, Central Asia, funds transferred to Economic Support Fund at levels nearly half those in FY12
- Migration and Refugee Assistance, down 35% (-\$943 million)
- PL 480 food assistance, funding transferred to three USAID accounts
- Treasury Debt Restructuring, zero requested (-\$11 million)
- International Narcotics Control and Law Enforcement, down 24.1% (-\$468 million)
- Non-Proliferation, Anti-Terrorism, Demining, down 8.7% (-\$59 million)
- Non-UN Peacekeeping Operations, down 4.9% (-\$18 million)
- Inter-American Foundation, down 15.4% (-\$3 million)
- African Development Foundation, down 15.8% (-\$4.5 million)
- East-West Center, down 31% (-\$5 million)
- National Endowment for Democracy, down 8% (\$9 million)

6. ACCOUNT-BY-ACCOUNT DETAIL OF FY14 INTERNATIONAL AFFAIRS BUDGET REQUEST

Snapshot

INTERNATIONAL AFFAIRS 150 ACCOUNT*	
FY14 REQUEST	\$51.96 BILLION
<i>OF WHICH OCO</i>	\$3.81 BILLION
FY13 ENACTED	\$51.64 BILLION
<i>OF WHICH OCO</i>	\$10.64 BILLION
FY14 INCREASE FROM FY13	+\$321 MILLION (0.62%)
FOREIGN OPERATIONS ACCOUNT	
FY14 REQUEST	\$35.10 BILLION
<i>OF WHICH OCO</i>	\$2.31 BILLION
FY13 ENACTED	\$32.91 BILLION
<i>OF WHICH OCO</i>	\$6.143 BILLION
FY14 INCREASE FROM FY13	+\$2.19 BILLION (6.6%)
STATE DEPARTMENT OPERATIONS & RELATED ACCOUNTS	
FY14 REQUEST	\$16.59 BILLION
<i>OF WHICH OCO</i>	\$1.50 BILLION
FY13 ENACTED	\$17.15 BILLION
<i>OF WHICH OCO</i>	\$4.43 BILLION
FY14 INCREASE FROM FY13	-\$560 MILLION (3.3%)
INTERNATIONAL AGRICULTURE PROGRAMS	
FY14 REQUEST	\$0.085 BILLION
FY13 ENACTED	\$1.536 BILLION
FY14 INCREASE FROM FY13	-\$1.45 BILLION (88%)

* International Affairs totals also include about \$80 million appropriated in the Treasury spending bill for the International Trade Commission and the Foreign Claims Settlement Commission. These amounts are included in the totals shown here.

USAID OPERATING EXPENSES (OE)	
FY14 FUNDING	\$1.399 BILLION
OF WHICH OCO	\$0.071 BILLION
FY13 FUNDING	\$1.279 BILLION
OF WHICH OCO	\$0.242 BILLION
CHANGE 13-14	+\$120 MILLION (9.4%)
USAID CAPITAL INVESTMENT FUND	
FY14 FUNDING	\$118 MILLION
FY13 FUNDING	\$123 MILLION
CHANGE 13-14	-\$5 MILLION (4.1%)
USAID INSPECTOR GENERAL OPERATING EXPENSES (IG)	
FY14 FUNDING	\$54 MILLION
FY13 FUNDING	\$48 MILLION
OF WHICH OCO	\$4 MILLION
CHANGE 13-14	+6 MILLION (12%)
GLOBAL HEALTH PROGRAMS	
FY14 FUNDING	\$8.315 BILLION
FY13 FUNDING	\$8.063 BILLION
CHANGE 13-14	+\$252 MILLION (3.1%)
DEVELOPMENT ASSISTANCE (DA)	
FY14 FUNDING	\$2.838 BILLION
FY13 FUNDING	\$2.702 BILLION
CHANGE 13-14	+\$136 MILLION (5%)
INTERNATIONAL DISASTER ASSISTANCE (IDA)	
FY14 FUNDING	\$2.045 BILLION
FY13 FUNDING	\$1.550 BILLION
OF WHICH OCO	\$0.767 BILLION
CHANGE 13-14	+\$495 MILLION (31.9%)
TRANSITION INITIATIVES (TI)	
FY14 FUNDING	\$58 MILLION
FY13 FUNDING	\$54 MILLION
OF WHICH OCO	\$6 MILLION
CHANGE 13-14	+\$4 MILLION (7.1%)
COMPLEX CRISIS FUND	
FY14 FUNDING	\$40 MILLION
FY13 FUNDING	\$38 MILLION
OF WHICH OCO	\$28 MILLION
CHANGE 13-14	+\$2 MILLION (5.3%)
DEVELOPMENT CREDIT AUTHORITY	
FY14 FUNDING	\$8 MILLION
FY13 FUNDING	\$8 MILLION
CHANGE 13-14	\$0
ECONOMIC SUPPORT FUND (ESF)	
FY14 FUNDING	\$5.458 BILLION
OF WHICH OCO	\$1.382 BILLION
FY13 FUNDING	\$5.521 BILLION
OF WHICH OCO	\$2.982 BILLION
CHANGE 13-14	-\$63 MILLION (1.1%)
MIGRATION AND REFUGEE ASSISTANCE (MRA)	
FY14 FUNDING	\$1.761 BILLION
FY13 FUNDING	\$2.704 BILLION
OF WHICH OCO	\$1.141 BILLION
CHANGE 13-14	-\$943 MILLION (34.8%)
U.S. EMERGENCY REFUGEE AND MIGRATION ASSISTANCE (ERMA)	
FY14 FUNDING	\$250 MILLION
FY13 FUNDING	\$26 MILLION
CHANGE 13-14	+\$224 MILLION (862%)

PEACE CORPS	
FY14 FUNDING	\$379 MILLION
FY13 FUNDING	\$356 MILLION
CHANGE 13-14	+\$23 MILLION (6.5%)
MILLENNIUM CHALLENGE CORPORATION (MCC)	
FY14 FUNDING	\$898 MILLION
FY13 FUNDING	\$853 MILLION
CHANGE 13-14	+\$45 MILLION
INTER-AMERICAN FOUNDATION	
FY14 FUNDING	\$18 MILLION
FY13 FUNDING	\$22 MILLION
CHANGE 13-14	-\$4 MILLION (18.2%)
AFRICAN DEVELOPMENT FOUNDATION	
FY14 FUNDING	\$24 MILLION
FY13 FUNDING	\$28 MILLION
CHANGE 13-14	-\$4 MILLION (14.3%)
TREASURY TECHNICAL ASSISTANCE	
FY14 FUNDING	\$24 MILLION
FY13 FUNDING	\$26 MILLION
CHANGE 13-14	-\$2 MILLION (7.3%)
DEBT RESTRUCTURING	
FY14 FUNDING	\$0
FY13 FUNDING	\$11 MILLION
CHANGE 13-14	-\$11 MILLION (100%)
INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT (INCLE)	
FY14 FUNDING	\$1.474 BILLION
OF WHICH OCO	\$0.334 BILLION
FY13 FUNDING	\$1.942 BILLION
OF WHICH OCO	\$0.934 BILLION
CHANGE 13-14	-\$468 MILLION (24.1%)
NON-PROLIFERATION, ANTI-TERRORISM, DEMINING (NADR)	
FY14 FUNDING	\$616 MILLION
FY13 FUNDING	\$675 MILLION
OF WHICH OCO	\$115 MILLION
CHANGE 13-14	-\$58 MILLION (8.7%)
PEACEKEEPING OPERATIONS (PKO)	
FY14 FUNDING	\$347 MILLION
FY13 FUNDING	\$364 MILLION
OF WHICH OCO	\$77 MILLION
CHANGE 13-14	-\$17 MILLION (4.9%)
INTER-AMERICAN DEVELOPMENT BANK	
FY14 FUNDING	\$102 MILLION
FY13 FUNDING	\$107 MILLION
CHANGE 13-14	-\$5 MILLION (4.6%)
ENTERPRISE FOR THE AMERICAS MULTILATERAL INVESTMENT FUND	
FY14 FUNDING	\$6 MILLION
FY13 FUNDING	\$14 MILLION
CHANGE 13-14	-\$8 MILLION (57.1%)
INTER-AMERICAN INVESTMENT CORPORATION	
FY14 FUNDING	\$0
FY13 FUNDING	\$5 MILLION
CHANGE 13-14	-\$5 MILLION (100%)
ASIAN DEVELOPMENT BANK	
FY14 FUNDING	\$107 MILLION
FY13 FUNDING	\$102 MILLION
CHANGE 13-14	+\$5 MILLION (4.9%)

ASIAN DEVELOPMENT FUND	
FY14 FUNDING	\$115 MILLION
FY13 FUNDING	\$95 MILLION
CHANGE 13-14	+\$20 MILLION (21.2%)
AFRICAN DEVELOPMENT BANK	
FY14 FUNDING	\$32 MILLION
FY13 FUNDING	\$30 MILLION
CHANGE 13-14	+\$2 MILLION (6.7%)
AFRICAN DEVELOPMENT FUND	
FY14 FUNDING	\$195 MILLION
FY13 FUNDING	\$164 MILLION
CHANGE 13-14	+\$31 MILLION (19%)
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT	
FY14 FUNDING	\$30 MILLION
FY13 FUNDING	\$28 MILLION
CHANGE 13-14	+\$2 MILLION (7.2%)
GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM	
FY14 FUNDING	\$135 MILLION
FY13 FUNDING	\$128 MILLION
CHANGE 13-14	+\$7 MILLION (5.5%)
INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM (IMET)	
FY14 FUNDING	\$106 MILLION
FY13 FUNDING	\$100 MILLION
CHANGE 13-14	+\$6 MILLION (6%)
FOREIGN MILITARY FINANCING (FMF)	
FY14 FUNDING	\$5.957 BILLION
OF WHICH OCO	\$0.511 BILLION
FY13 FUNDING	\$5.993 BILLION
OF WHICH OCO	\$1.047 BILLION
CHANGE 13-14	-\$36 MILLION (-0.6%)
GLOBAL SECURITY CONTINGENCY FUND	
FY14 FUNDING	\$25 MILLION
FY13 FUNDING	\$0
CHANGE 13-14	+\$25 MILLION
GLOBAL ENVIRONMENT FACILITY	
FY14 FUNDING	\$144 MILLION
FY13 FUNDING	\$129 MILLION
CHANGE 13-14	+\$15 MILLION (11.7%)
INTERNATIONAL CLEAN TECHNOLOGY FUND	
FY14 FUNDING	\$216 MILLION
FY13 FUNDING	\$176 MILLION
CHANGE 13-14	+\$40 MILLION (22.8%)
STRATEGIC CLIMATE FUND	
FY14 FUNDING	\$68 MILLION
FY13 FUNDING	\$47 MILLION
CHANGE 13-14	+\$21 MILLION (44.7%)
INTERNATIONAL DEVELOPMENT ASSOCIATION	
FY14 FUNDING	\$1.359 BILLION
FY13 FUNDING	\$1.284 BILLION
CHANGE 13-14	+\$75 MILLION (5.9%)
IDA - MULTILATERAL DEBT RELIEF INITIATIVE	
FY14 FUNDING	\$145 MILLION
FY13 FUNDING	\$0
CHANGE 13-14	+\$145 MILLION

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)	
FY14 FUNDING	\$187 MILLION
FY13 FUNDING	\$177 MILLION
CHANGE 13-14	+\$10 MILLION (5.7%)
EXPORT-IMPORT BANK	
FY14 FUNDING	-\$832 MILLION
FY13 FUNDING	-\$754 MILLION
CHANGE 13-14	+\$78 MILLION (10.3%)
OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)	
FY14 FUNDING	-\$198 MILLION
FY13 FUNDING	-\$207 MILLION
CHANGE 13-14	+\$9 MILLION (4.3%)
TRADE AND DEVELOPMENT AGENCY (TDA)	
FY14 FUNDING	\$63 MILLION
FY13 FUNDING	\$48 MILLION
CHANGE 13-14	+\$15 MILLION (34.1%)
DIPLOMATIC AND CONSULAR PROGRAMS (DCP)	
FY14 FUNDING	\$8.482 BILLION
OF WHICH OCO	\$1.199 BILLION
FY13 FUNDING	\$9.219 BILLION
OF WHICH OCO	\$2.968 BILLION
CHANGE 13-14	-\$737 MILLION (8.0%)
CAPITAL INVESTMENT FUND	
FY14 FUNDING	\$77 MILLION
FY13 FUNDING	\$56 MILLION
CHANGE 13-14	+\$21 MILLION (37.5%)
EMBASSY SECURITY, CONSTRUCTION & MAINTENANCE	
FY14 FUNDING	\$2.649 BILLION
OF WHICH OCO	\$0.250 BILLION
FY13 FUNDING	\$2.820 BILLION
OF WHICH OCO	\$1.270 BILLION
CHANGE 13-14	-\$171 MILLION (6.1%)
CONFLICT STABILIZATION OPERATIONS	
FY14 FUNDING	\$45 MILLION
FY13 FUNDING	\$31 MILLION
OF WHICH OCO	\$9 MILLION
CHANGE 13-14	+\$14 MILLION (45.2%)
STATE DEPARTMENT OFFICE OF THE INSPECTOR GENERAL	
FY14 FUNDING	\$119 MILLION
OF WHICH OCO	\$50 MILLION
FY13 FUNDING	\$115 MILLION
OF WHICH OCO	\$56 MILLION
CHANGE 13-14	+\$4 MILLION (3.5%)
EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS	
FY14 FUNDING	\$563 MILLION
FY13 FUNDING	\$569 MILLION
OF WHICH OCO	\$15 MILLION
CHANGE 13-14	-\$6 MILLION (1%)
OTHER ADMINISTRATION OF FOREIGN AFFAIRS	
FY14 FUNDING	\$84 MILLION
FY13 FUNDING	\$62 MILLION
CHANGE 13-14	+\$22 MILLION (36.1%)

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS (CIO)	
FY14 FUNDING	\$1.573 BILLION
FY13 FUNDING	\$1.473 BILLION
OF WHICH OCO	\$0.096 BILLION
CHANGE 13-14	+\$100 MILLION (6.8%)
CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES	
FY14 FUNDING	\$2.095 BILLION
FY13 FUNDING	\$1.913 BILLION
CHANGE 13-14	+\$182 MILLION (9.5%)
NATIONAL ENDOWMENT FOR DEMOCRACY	
FY14 FUNDING	\$103 MILLION
FY13 FUNDING	\$112 MILLION
CHANGE 13-14	-\$9 MILLION (8%)
BROADCASTING BOARD OF GOVERNORS	
FY14 FUNDING	\$723 MILLION
FY13 FUNDING	\$706 MILLION
OF WHICH OCO	\$4 MILLION
CHANGE 13-14	+17 MILLION (2.5%)
BROADCASTING CAPITAL IMPROVEMENTS	
FY14 FUNDING	\$9 MILLION
FY13 FUNDING	\$7 MILLION
CHANGE 13-14	+\$2 MILLION (35.4%)
UNITED STATES INSTITUTE FOR PEACE	
FY14 FUNDING	\$36 MILLION
FY13 FUNDING	\$37 MILLION
OF WHICH OCO	\$8 MILLION
CHANGE 13-14	-\$1 MILLION (2.8%)
FOOD FOR PEACE TITLE II	
FY14 FUNDING	\$0
FY13 FUNDING	\$1.361 BILLION
CHANGE 13-14	-\$1.361 BILLION (100%)
McGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION	
FY14 FUNDING	\$185 MILLION
FY13 FUNDING	\$175 MILLION
CHANGE 13-14	+\$10 MILLION (5.7%)
INTERNATIONAL TRADE COMMISSION	
FY14 FUNDING	\$85 MILLION
FY13 FUNDING	\$79 MILLION
CHANGE 13-14	+\$6 MILLION
FOREIGN CLAIMS SETTLEMENT COMMISSION	
FY14 FUNDING	\$2 MILLION
FY13 FUNDING	\$2 MILLION
CHANGE 13-14	\$0

7. WHAT'S AHEAD

House and Senate appropriators are seeking to proceed expeditiously on FY14 appropriations bills and to move as many appropriations bills through each chamber before the start of the new fiscal year on October 1st. The next step in the process will be for each chamber to adopt the FY14 302b appropriation allocations for the 12 individual appropriations bills, including State-Foreign Operations which houses nearly all of the International Affairs Budget. As in past years, the House and Senate 302b allocations for State-Foreign Operations will vary considerably due to large differences in the top-line discretionary levels (302a's) contained in the House and Senate FY14 budget resolutions adopted by each chamber last month -- \$966 billion in the House and \$1.058 trillion in the Senate. In addition, these budget resolutions' recommendations for the International Affairs Budget have a \$6.9 billion (18%) difference: \$38.7 billion in the House and \$45.6 billion in the Senate.

8. ADDITIONAL INFORMATION AND RESOURCES

- [President's FY14 Budget](#)
- [Funding Highlights of FY14 International Affairs Budget Request](#)
- [FY14 Executive Budget Summary – Function 150 and other International Programs](#)
- [FY14 International Affairs Budget Fact Sheet](#)
- [FY14 State Department and USAID Funding Highlights](#)