



DEPARTMENT OF STATE AND OTHER INTERNATIONAL PROGRAMS

Funding Highlights:

- Provides \$51.6 billion in discretionary funding for the Department of State and U.S. Agency for International Development (USAID), an increase of 1.6 percent, or \$0.8 billion over the 2012 enacted level when including Overseas Contingency Operations (OCO) resources. Within tightly capped budget constraints, the Budget makes investments in key priorities including the Middle East, Iraq, Afghanistan and Pakistan, plus continues funding for critical initiatives such as global health, climate change and food security.
- State Department and USAID OCO programs are described along with Department of Defense OCO programs in a separate chapter on OCO resources. OCO funding is also shown in this chapter in order to provide a more complete picture of total State Department and USAID resources.
- Responds to the Arab Spring by supporting the aspirations of people in the Middle East and North Africa, with more than \$800 million to assist countries in transition and create incentives for long-term economic, political, and trade reforms.
- Advances the President's aggressive HIV-prevention goal, including his plan to support 6 million HIV patients on antiretroviral treatment by the end of 2013 through a \$7.9 billion investment in the President's Global Health Initiative. This builds on the Initiative's strong progress in fighting infectious disease and child and maternal mortality.
- Fully funds the Administration's historic pledges to the Global Fund to Fight AIDS, Tuberculosis, and Malaria and the Global Alliance for Vaccines and Immunizations.
- Continues a multi-year plan to make strategic investments to address the root causes of hunger and poverty and to help prevent crises such as the 2011 famine in the Horn of Africa.
- Provides \$2.9 billion to the Department of the Treasury for U.S. international commitments to the multilateral development banks and bilateral debt relief, supporting poverty reduction, economic growth, and U.S. national security. The Administration's request prioritizes the most important commitments, while pursuing a multi-year strategy designed to promote U.S. leadership in multilateral institutions and leverage other donors' resources.

- Provides \$432 million to strengthen efforts at five international trade-related agencies to promote and enforce international trade, and meet the goals of the National Export Initiative.
- Separate from the term-limited and extraordinary level of transition expenses in OCO, base budget funding strengthens core diplomatic, development and security activities in Iraq, Afghanistan, and Pakistan to ensure ongoing activities in military to civilian operations.
- Makes significant investments to support the Administration's new National Strategy for Counterterrorism.
- Makes strategic investments to encourage climate-resilient development, investment from the private sector in clean energy and low carbon infrastructure, and meaningful reductions in greenhouse gas and national emissions trajectories.
- Rationalizes assistance to Europe, Eurasia, and Central Asia by transitioning funds into other assistance accounts, recognizing the successes of transition in the region.
- Reduces operational costs through administrative savings and procurement reform.

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, partnerships with nations and their people, and the promotion of universal values. By investing in civilian diplomacy and development, we foster stability around the world to protect our national security and make conflicts less likely. This work also supports economic development in the United States, opening new markets for U.S. businesses and increasing trade to create jobs at home.

The President's 2013 Budget proposes \$51.6 billion for the Department of State and USAID, including costs for OCO, a 1.6 percent increase from 2012. The Budget provides the necessary base resources to sustain critical diplomatic and development efforts around the world. To support the Administration's ongoing programs in key regions in transition, significant levels of funding are continued for diplomatic operations and assistance in Iraq, Afghanistan, and Pakistan. The Budget also makes a substantial investment in economic and political reform in the Middle East and North Africa in the wake of the Arab

Spring. The Administration continues to prioritize funding for food security to reduce hunger and to help prevent political instability; for climate change to promote low-emission growth; and for global health to reduce the incidence of disease and strengthen local health systems. At the same time, the Department of State and USAID are committed to finding efficiencies, cutting waste, and focusing on key priorities. Accordingly, savings are created by focusing resources on the highest priorities worldwide and reducing operational and administrative costs.

Maintains U.S. Global Leadership

Assists Countries in Transition and Promotes Reforms in the Middle East and North Africa. Building on the Administration's significant and continuing response to the transformative events in the Middle East and North Africa region, the Budget provides over \$800 million to support political and economic reform in the region. The Budget expands our bilateral economic support in countries such as Tunisia and Yemen where transitions are already underway. Consistent with the President's May 2011 speech,

the Budget establishes a new \$770 million Middle East and North Africa Incentive Fund, which will provide incentives for long-term economic, political, and trade reforms to countries in transition—and to countries prepared to make reforms proactively. This new Fund builds upon other recently announced programs in the region, including up to \$2 billion in regional Overseas Private Investment Corporation (OPIC) financing, up to \$1 billion in debt swaps for Egypt, and approximately \$500 million in existing funds re-allocated to respond to regional developments in 2011.

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 OCO funding. Base resources requested to support strong, long-term partnerships with these countries include core diplomatic and development operational support funding, as well as economic development, health, education, governance, security, and other assistance programs necessary to reinforce development progress and promote stability.

Maintains Counterterrorism Capabilities. The Department continues to make significant investments to support the Administration's National Strategy for Counterterrorism. The Administration remains committed to improving U.S. Government programs and developing partner capabilities to prevent terrorist attacks on the United States and other countries. The Budget protects resources in this high-priority area, including the establishment of a new Counterterrorism Bureau overseeing investments to protect the homeland, defeat al Qaeda and its affiliates, counter violent extremism, build partner capacity, and prevent the development, acquisition, trafficking, and use of weapons of mass destruction by terrorists.

Supports Global Health by Focusing on High-Impact Interventions. The Administration is building on recent progress in the Global Health Initiative's fight against infectious

diseases and child and maternal mortality by focusing resources on interventions that have been proven effective and by pushing for more integrated and efficient programming. The Budget supports an aggressive effort to prevent HIV infections, including the President's goal of supporting 6 million HIV patients on antiretroviral treatment by the end of 2013. The Budget continues efforts to reduce maternal and child deaths through proven malaria interventions and support for a basic set of effective interventions to address maternal and child health. The Budget fully funds the balance of the Administration's historic three-year, \$4 billion pledge to the Global Fund to Fight AIDS, Tuberculosis, and Malaria, in recognition of this multilateral partner's key role in global health and its progress in instituting reform. In addition, the Budget fully funds the Administration's pledge to the Global Alliance for Vaccines and Immunizations in order to expand access to immunization for children globally.

Fights Hunger by Improving Food Security. As part of a multi-year plan to address the root causes of hunger and poverty, the Administration continues funding for agriculture development and nutrition programs. The 2011 famine in the Horn of Africa has underscored the need for targeted programs to help prevent future famines and crises in the Horn and elsewhere. Therefore, Administration programs are intended to reduce extreme poverty, increase food security, and reduce malnutrition for millions of families by 2015. The Administration provides funding through the President's Feed the Future Initiative and the multi-donor Global Agriculture and Food Security Program, directing funding to poor countries that commit to policy reforms and robust country-led strategies to address internal food security needs. Assistance helps countries increase agricultural productivity, improve agricultural research and development, and expand markets and trade, while monitoring and evaluating program performance. The Administration also maintains strong support for food aid and other humanitarian assistance, including over \$4 billion to help internally displaced persons, refugees, and victims of armed conflict and natural disasters.

Combats Global Climate Change by Promoting Low-Emission, Climate-Resilient Economic Growth. The Administration continues to promote global reductions in greenhouse gas emissions and reduce vulnerabilities in key sectors to climate-related events by supporting clean energy, combating deforestation, and building climate-resilience in developing countries. The Administration is working in partnership with national and local governments, and the private sector, to make effective investments in three key programmatic areas: 1) multilateral institutions and bilateral activities that focus on energy efficiency, renewable energy, and energy sector reforms; 2) sustainable land use to combat unsustainable forest clearing for agriculture and illegal logging, and promote forest governance; and 3) programs to build resilience of the most vulnerable communities and countries to climate change, and reduce the risk of damage, loss of life, and broader instability that can result from extreme weather and climate events.

Leverages International Organizations to Support Cooperation and Security. The Administration will advance the President's vision of robust multilateral engagement as a crucial tool in advancing U.S. national interests, accomplished through our contributions to the United Nations, peacekeeping operations and international organizations. Our contributions enable U.S. participation in over 40 international organizations that maintain peace and security, promote economic growth, and advance human rights around the world. Peacekeeping assessments fund peacekeeping activities directed to the maintenance or restoration of international peace and security, and promote the peaceful resolution of conflict.

Prioritizes Poverty Reduction, Economic Growth, and U.S. National Security. The Budget provides \$2.9 billion to the Department of the Treasury for our international commitments to multilateral development banks (MDBs) and bilateral debt relief. The MDBs are a key international forum for advancing U.S. foreign policy objectives in economic development, climate change, and food security. U.S.-supported MDB activities help developing nations grow, opening

new markets for American companies and fostering stability in regions critical to U.S. national security. By fully funding the current round of General Capital Increases and replenishments of concessional lending facilities, the Administration makes essential contributions to global development priorities, while pursuing a multi-year strategy to meet our commitments, promote U.S. leadership in multilateral institutions, and leverage other donors' resources. The Budget also provides for bilateral debt relief to Sudan, in support of the commitments made in the Comprehensive Peace Agreement.

Encourages Economic Growth Through Support for the National Export Initiative and Tourism Promotion. A critical component of stimulating domestic economic growth is ensuring that U.S. businesses can actively participate in international markets by increasing their exports of goods and services. The Administration launched the National Export Initiative (NEI) in 2010 to improve the private sector's ability to export American goods and services. The NEI advances the Administration's goal of doubling exports over five years by working to remove trade barriers abroad, helping firms—especially small businesses—overcome the hurdles to entering new export markets, assisting with trade financing, and pursuing a Government-wide approach to export advocacy abroad. To that end, the Administration provides \$432 million, an increase of \$19 million over 2012 levels, for the Export-Import Bank, U.S. Trade and Development Agency, the U.S. Trade Representative, U.S. International Trade Commission, and OPIC. These investments will strengthen international trade promotion and enforcement efforts. In parallel with the NEI, the State Department Bureau of Consular Affairs will promote tourism and travel to the United States from the world's fastest growing economies by expanding visa processing capacity in emerging economies such as Brazil and China.

Reduces Costs and Improves Efficiency

Rationalizes the Foreign Assistance Funding Structure for Europe, Eurasia, and Central Asia. The Administration proposes

to transition programs funded through the Assistance for Europe, Eurasia, and Central Asia (AEECA) account into the Economic Support Fund, International Narcotics Control and Law Enforcement, and Global Health Programs accounts. The normalization of the AEECA assistance structure, which was established in the immediate aftermath of the fall of the Iron Curtain and the collapse of the Soviet Union, reflects the need to be able to focus resources on the highest global priorities. While the United States remains deeply engaged in the region, using its diplomatic and assistance resources to advance national security interests and address difficult development challenges, the successful transition of a number of countries over time to market democracies has also enabled us to reduce the levels of assistance.

Improves Efficiency of Foreign Affairs Operations. The Department of State and USAID will continue to reduce administrative

costs, building on the Administrative Efficiency Initiative to increase the efficiency of operations. The agencies will reduce travel, printing supplies, and other costs below 2010 levels by increasing the use of phone, web-based and digital video conferencing; reducing unnecessary or duplicative reports and publishing critical reports online; and streamlining purchasing of equipment and supplies. The agencies will also seek to reduce the use of contractors for management support services by reducing contract spending on these services by up to 15 percent below 2010 levels.

Reforms Contract Procurement. USAID will continue to increase the efficiency of U.S. foreign assistance through the Implementation and Procurement Reform Initiative, which streamlines procurement policies, procedures, and processes; increases the use of small business and host country systems; and strengthens the local capacity of partner countries.

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

	Actual 2011	Estimate	
		2012	2013
Spending			
Discretionary Budget Authority, State and USAID:			
Administration of Foreign Affairs	11,228	8,859	9,589
International Organizations and Peacekeeping	3,463	3,278	3,669
Economic Support, Democracy, and Development Assistance	9,171	6,256	7,374
Global Health Programs.....	7,830	8,168	7,854
Middle East and North Africa Incentive Fund	—	—	770
International Narcotics Control and Law Enforcement	1,659	1,061	1,457
Migration and Refugee Programs	1,745	1,673	1,675
Non-proliferation, Anti-terrorism, Demining Programs	739	590	636
Foreign Military Financing.....	5,374	5,210	5,472
USAID Operations	1,528	1,269	1,448
Other State and USAID programs	2,319	1,928	2,033
Overseas Contingency Operations ¹	297	11,188	8,245
Rescissions of Unobligated Balances	-371	-114	—
<i>USDA Food for Peace Title II (non-add in total line)</i>	<i>1,497</i>	<i>1,466</i>	<i>1,400</i>
Subtotal, Department of State and USAID (including Food for Peace).....	46,479	50,832	51,622

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

	Actual 2011	Estimate	
		2012	2013
Discretionary Budget Authority, Other International Programs:			
Treasury International Programs.....	2,028	2,660	2,901
Millennium Challenge Corporation.....	898	898	898
Peace Corps	374	375	375
Broadcasting Board of Governors.....	748	747	720
Export-Import Bank.....	2	-266	-359
Overseas Private Investment Corporation	-198	-197	-192
Other International Programs.....	271	266	274
Overseas Contingency Operations	—	14	—
Rescissions of Unobligated Balances	-275	-400	—
Total, Discretionary budget authority ²	48,830	53,463	54,839
Discretionary Cap Adjustment (included in totals above):³			
Overseas Contingency Operations	297	11,203	8,245
Total, Discretionary outlays	47,108	53,406	56,093
Total, Mandatory outlays	-1,882	2,552	3,420
Total, Outlays	45,226	55,958	59,513
Credit activity			
Direct Loan Disbursements:			
Export-Import Bank.....	2,590	25	25
All other.....	2,460	5,399	5,402
Total, Direct loan disbursements	5,050	5,424	5,427
Guaranteed Loan Disbursements by Private Lenders:			
Export-Import Bank.....	17,892	21,500	26,750
All other.....	964	5,234	963
Total, Guaranteed loan disbursements by private lenders	18,856	26,734	27,713

¹ Overseas Contingency Operations (OCO) funds were first appropriated to the Department of State, USAID, and Other International Programs in 2012. In 2011, OCO reflects a transfer from the Department of Defense to the Department of State.

² Funding for International Food Aid programs in the Department of Agriculture (Food for Peace Title II food aid and the McGovern-Dole International Food for Education and Child Nutrition) are not included in the totals above. Funding for these programs are included in International Function 150, and are classified as Security pursuant to Title I of the Budget Control Act of 2011.

³ The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended by the Budget Control Act of 2011, limits—or caps—budget authority available for discretionary programs each year through 2021. Section 251(b)(2) of BBEDCA authorizes certain adjustments to the caps after the enactment of appropriations. Amounts in 2011 are not so designated but are shown for comparability purposes.