



ANALYSIS OF THE FY 2010 INTERNATIONAL AFFAIRS BUDGET REQUEST¹

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The Obama Administration has requested \$53.9 billion for International Affairs in its FY 2010 budget request. This request is a 26 percent increase over the last administration's FY 2008 budget request and a 27 percent increase above the amount appropriated for International Affairs for FY 2009, before taking supplemental appropriations into account.² With this request, the administration is taking the first step toward its commitment to double foreign assistance by FY 2015.

The Stimson Center has carried out a detailed analysis of this request, including the international affairs funding provided in the recently-passed FY 2009 supplemental appropriations act, with the following highlights:

- The \$53.9 billion request for discretionary programs in International Affairs constitutes 4.7% of the President's proposed discretionary budget.
- The request would increase spending on foreign assistance across nearly all objectives and program areas. Funding for economic growth and governance objectives would benefit from the highest rate of growth, increasing by 43 and 25 percent respectively over FY 2008.
- The recently-passed FY 2009 supplemental provided an additional \$15.4 billion for International Affairs, \$8.3 billion more than the administration requested. At least \$2 billion of those supplemental funds are actually for programs requested in the FY 2010 request. The congressional decision to move this funding into the supplemental will help fill the gap in the FY 2010 budget between the funds the President requested and the lower level of funding provided in Appropriations (302b) allocations to the State/Foreign Operations subcommittees.
- Although multilateral assistance spending through international organizations and the multilateral development banks would increase in FY 2010, the budget reflects continuation of a long-term trend toward lower funding for multilateral activities as a share of overall US foreign policy spending. As US International Affairs spending has increased over the last decade, growth for bilateral tools has predominated. The President's budget does not reverse this trend.

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² The Omnibus Appropriation for FY 2009, the FY 2009 Bridge Supplemental, and the Recovery Act provided \$42.3 billion for International Affairs and the FY 2009 Emergency Supplemental Appropriations bill provided \$15.4 billion for a total of \$57.7 billion. There is a 6.6 percent decrease from FY 2009 to FY 2010 if both the enacted and the supplemental are considered.

- The President's budget seeks significant funding growth for diplomatic and development operations. Both State and USAID would be able to increase their core diplomatic, development, and training capacities. The State Department would also increase its support and Diplomatic Security staffs.
- The request would significantly increase the civilian response capabilities of the State Department, with an additional \$323 million for Civilian Stabilization Initiative and the creation of two contingency funds for rapid response (\$76 million for the Rapid Response Fund in USAID and \$40 million for the Stabilization Bridge Fund as a part of the Economic Support Fund account).
- The request takes important steps to correct the previous practice of under-funding core International Affairs accounts and seeking to make up the difference through supplemental requests. In particular, the request for humanitarian relief and food aid accounts are roughly \$470 million higher than the 5-year average funding for these accounts, more than fully funding these requirements. Similarly, the FY 2010 budget request would fully fund US commitments to international organizations and peacekeeping activities, rather than seeking to make up shortfalls through supplemental requests.
- Overall, economic/humanitarian assistance is slated to double during the FY 2009-2015 timeframe. Health programs receive significant support in this budget, a 15 percent increase over FY 2008. The White House has announced the President's plan to request \$63 billion over six years for global health.
- The request would greatly increase resources for Afghanistan and Pakistan, but, reflecting the shift in policy priorities, would reduce funding for Iraq, aside from counter-narcotics funding.
- While security assistance programs appear to have relatively flat funding in the international affairs account, the parallel architecture of economic and security assistance provided through the Department of Defense (DOD) continues to grow.

FY 2010 BUDGET REQUEST: INTERNATIONAL AFFAIRS

Overview

The Obama Administration has requested \$53.9 billion for discretionary programs within the International Affairs function for FY 2010, and projects seeking \$313 billion over the five-year period fiscal years 2010 through 2014. The International Affairs budget represents 4.7% of the President's proposed discretionary budget.³

FY 2010 Budget Request: Function 150 International Affairs							
(\$ in billions)							
	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
Function 150	\$42.9	\$42.3	\$15.4	\$57.7	\$53.9	26% Increase	6.6 % Decrease

It would be misleading to describe the FY 2010 request as a reduction from FY 2009. Congress provided \$15.4 billion for International Affairs in the FY 2009 emergency supplemental appropriations bill, \$8.3 billion more than the President originally requested, bringing total FY 2009 Function 150 appropriations to \$57.7 billion. If compared to this total, the FY 2010 budget request would appear to be a \$3.8 billion decrease. However, the funds appropriated in the recent supplemental actually remain available for FY 2010, increasing the overall available resources for international affairs in that year. Moreover, as much as \$2 billion of the supplemental appropriations are actually funds requested in the FY 2010 budget, including \$965 million for Foreign Military Financing (FMF), \$336 million for State Department Diplomatic and Consular Programs (D&CP), and \$700 million for Pakistan (Pakistan Counterinsurgency Fund).

This “forward funding” in FY 2009 of part of the FY 2010 request could make up for the gap in the FY 2010 budget created by the congressional Budget Resolution and the recent Appropriations committee allocations. The Budget Resolution did not make room for the President's full FY 2010 request, cutting it by at least \$3.2 billion. The House Appropriations committee allocation (302b) to the State/Foreign Operations subcommittee is \$3.2 billion below the President's request, while the Senate allocation is \$3.3 billion below the request. By moving roughly \$2 billion forward into the FY 2009 supplemental appropriation and ensuring the funds remain available for FY 2010, the Appropriators have made up some of this gap.

The President's FY 2010 request constitutes a 26 percent increase over the final FY 2008 appropriation. The President has proposed to double US foreign assistance by FY 2015. The FY 2010 request does not set out the substance of most proposed foreign assistance increases after FY 2010 by account, nor make

³ This analysis makes three kinds of comparisons: FY 2010 compared to the FY 2008 Function 150 budget, compared to the FY 2009 enacted budget and compared to the FY 2009 budget including the supplemental. It explains, in each case, the importance of the particular comparison.

clear the base year for this commitment. However, if one were to define foreign assistance as Budget Subfunctions 151 and 152, and measure growth from a base year of FY 2008, the President's request would put foreign assistance on track to double by FY 2015.⁴

The proposed budget does not break significant new programmatic ground, but does increase funding for most programs and operations in the International Affairs account, which covers the State Department, USAID, humanitarian assistance, multilateral development banks, and security assistance, across a number of federal departments and agencies.

Regional Breakdown

Africa would continue to receive the largest share of US foreign assistance in FY 2010. More broadly, however, there has been a long-term shift toward the Near East and South and Central Asia in US foreign assistance. If one combines the FY 2009 supplemental spending and the FY 2010 request, the Near East (with increased spending on Iraq, West Bank/Gaza and Israel) would supplant Africa as the highest-funded region. Combining the same two pieces, South and Central Asia, with a focus on Afghanistan and Pakistan, would have the highest rate of growth over FY 2008, at 115 percent. These three regions (Africa, Near East, South/Central Asia) would receive the bulk of US foreign assistance.

US Foreign Assistance Regional Breakdown (Budgetary Authority in millions of dollars)								
Region	FY 2008 Actual	% of FY 2008	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	% of FY 2009	FY 2010 Request	% of FY 2010
Africa	\$7,037	26%	\$6,373	\$288	\$6,661	20%	\$6,738	15%
East Asia	\$768	3%	\$670	\$13	\$683	2%	\$808	2%
Europe/Eurasia	\$1,157	4%	\$769	\$272	\$1,041	3%	\$886	2%
Near East	\$6,336	24%	\$5,590	\$2,367	\$7,957	23%	\$6,609	15%
South & Central Asia	\$3,335	12%	\$3,058	\$2,299	\$5,357	16%	\$4,868	11%
Western Hemisphere	\$2,088	8%	\$1,992	\$420	\$2,412	7%	\$2,367	5%
Global/ Undistributed	\$5,969	22%	\$7,854	\$2,077	\$9,931	29%	22,274	50%
Total	\$26,690	100%	\$26,306	\$7,736	\$34,042	100%	\$44,550	100%

Source: Department of State Foreign Operations Congressional Justification Part II Summary Tables (5a, 5b, 5c) and Conference Report 111-151.

Undistributed: The Secretary of State has 45 days after the enactment of the supplemental to submit a report to Congress detailing planned expenditures of appropriated funds.

Composition of US Foreign Assistance

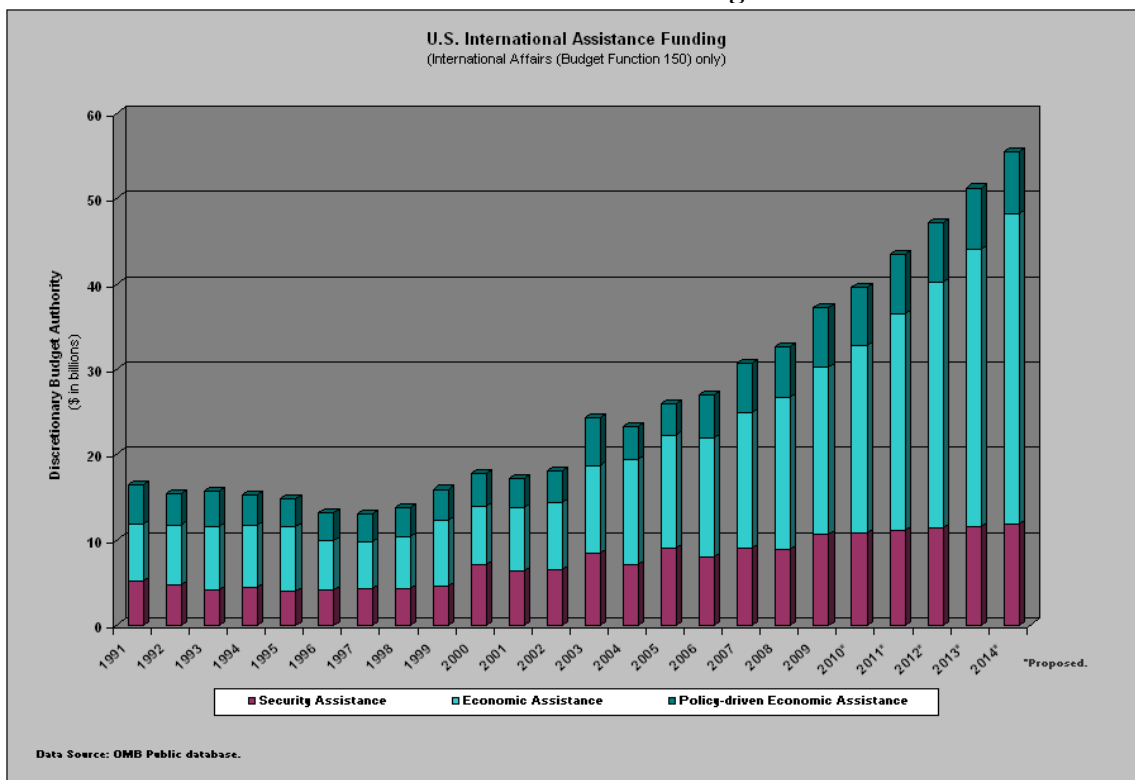
This analysis recalculates US foreign assistance funding to clarify the balance between assistance programs whose principal objective is development and humanitarian support, programs developed with US strategic and foreign policy interests in mind (though they may provide some development benefits),

⁴ US foreign assistance programs are defined in this analysis as Budget Subfunctions 151 and 152. These budget subfunctions include all foreign assistance accounts, with the exception of international financial programs.

and security assistance programs aimed at strengthening non-American military and security forces.⁵ The FY 2010 budget request continues a trend begun in the previous administration toward rapid growth in economic and humanitarian assistance. Such assistance would continue to grow through 2014 in keeping with the President's stated goal of doubling foreign assistance.

Policy-driven economic assistance has also significantly increased in the last few years, particularly as a result of operations in South Asia and the Middle East. The FY 2010 budget would continue this trend with \$7.3 billion proposed for the fiscal year. Security assistance, by contrast, appears to remain relatively flat over time. This is misleading, however, since the previous administration funded significant security assistance programs through the Department of Defense (DOD) budget, not International Affairs. The President's budget continues this trend, as discussed below. The administration has yet to come to terms with its expressed commitment to rebalance the departmental relationships in terms of security assistance programs and funding.

US International Assistance Funding FY 1991-FY 2014



Objectives and Program Areas

The Obama Administration's request indicates that spending on foreign assistance in FY 2010 would increase across nearly all objectives and program areas. Subdivided by the administration's categories,

⁵ Economic assistance includes all Budget Subfunction 151 programs, excluding International Narcotics Control and Law Enforcement (INCLE) and Assistance to Europe, Eurasia, and Central Asia (AEECA). The Civilian Stabilization Initiative (CSI) is also included in economic assistance. Policy driven economic assistance is defined here as the Economic Support Funds (ESF) account and AEECA. Security assistance includes programs classified under Subfunction 152, INCLE, and accessed UN peacekeeping (Subfunction 153).

economic growth and governance programs would have the highest rate of growth with particular emphasis on agriculture, environment, and the private sector. Much of this growth would be funded through the Economic Support Fund (ESF) account which is oriented toward foreign policy priorities. The only area that would experience a small decrease would be Humanitarian Assistance. The following table summarizes these trends.

FY 2008 – FY 2010 Objectives, Program Areas – Summary (dollars in millions)								
Program Areas	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp. Request	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 09 to FY 210
TOTAL	\$26,692	\$26,306	\$4,811	\$7,736	\$34,043	\$32,303	21% Increase	5% Decrease
Peace & Security	\$7,523	\$7,955	\$843			\$9,204	22% Increase	
Governing Justly & Democratically	\$2,259	\$1,838	\$742			\$2,814	25% Increase	
Investing in People	\$8,573	\$9,180	\$927			\$9,985	17% Increase	
Health	\$7,243	\$7,918	\$115			\$8,357	15% Increase	
Education	\$929	\$926	\$27			\$1,189	28% Increase	
Social/Economic Services & Protection for Vulnerable Populations	\$401	\$336	\$786			\$439	9% Increase	
Economic Growth	\$3,279	\$2,901	\$1,158			\$4,689	43% Increase	
Macroeconomic Foundation for Growth	\$590	\$285	\$461			\$245	58% Decrease	
Trade & Investment	\$204	\$189	\$24			\$316	55% Increase	
Financial Sector	\$198	\$58	\$112			\$94	53% Decrease	
Infrastructure	\$946	\$559	\$280			\$953	1% Increase	
Agriculture	\$473	\$885	\$153			\$1,482	213% Increase	
Private Sector Competitiveness	\$388	\$428	\$100			\$698	80% Increase	
Economic Opportunity	\$155	\$130	\$28			\$159	3% Increase	
Environment	\$324	\$368	\$0			\$743	129% Increase	
Humanitarian Assistance	\$4,072	\$3,336	\$887			\$3,893	4% Decrease	
Program Support	\$986	\$1,096	\$254			\$1,718	74% Increase	

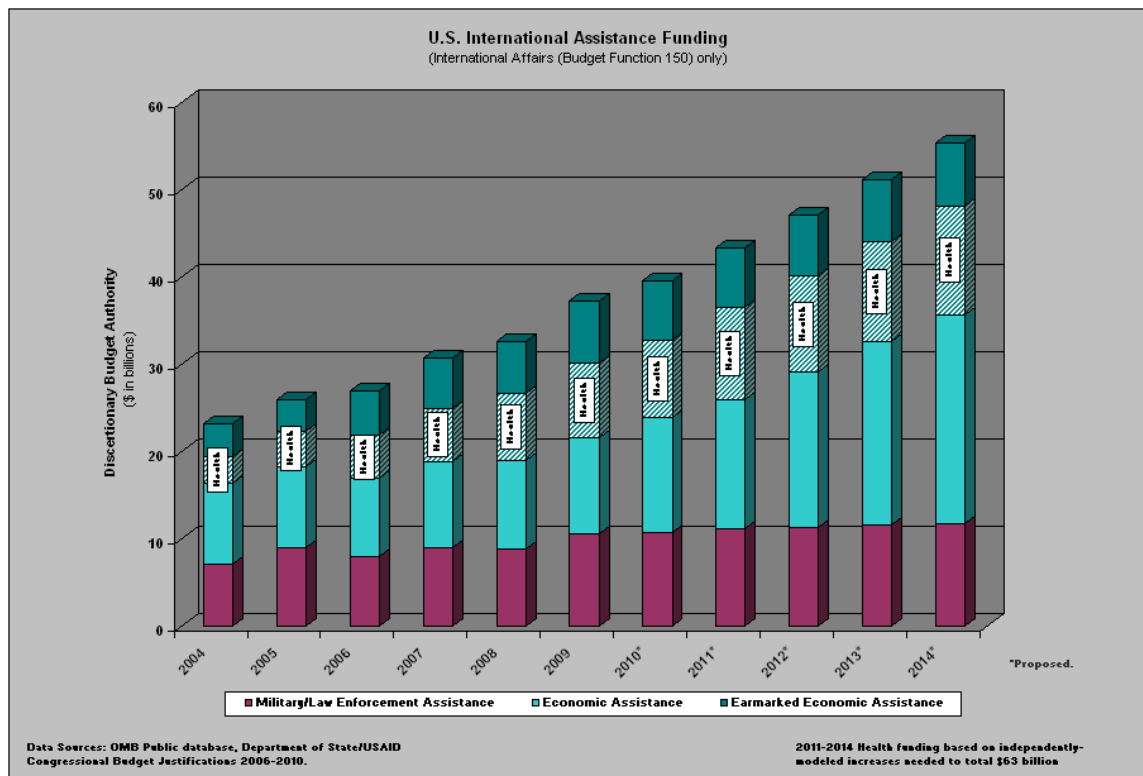
Source: Dept. of State, Congressional Budget Justification, FY 2010, Summary Tables

Development Assistance and Health

For FY 2010, the President requested \$20 billion for bilateral and multilateral development and humanitarian assistance, and a further \$6.5 billion in policy-directed economic assistance through the Economic Support Fund (ESF) account.⁶ The budget projects continued out-year growth for these programs. As one component of these increases, the White House announced the President's plan to request \$63 billion over six years for global health.⁷ The principal highlights of this request are:

- Overall, economic/humanitarian assistance is slated to double during the FY 2009-2015 timeframe.
- The rate of growth in global health assistance will slow to an average of 10% annually during the same period, less than half the rate of the prior quinquennium.
- To meet the \$63 billion target in global health spending through Function 150 growth alone would require funding averaging \$11 billion annually (exclusive of food aid and water/sanitation) in fiscal years 2011-2014 compared to \$7.1 billion in FY 2008.

US International Economic Assistance FY 2004-FY 2014



⁶The \$20 billion for bilateral and multilateral assistance includes all SubFunction 151 except Transition Initiatives, International Narcotics Control and Law Enforcement (INCLE) and administrative expenses.

⁷Briefing by White House Press Secretary Robert Gibbs, May 5, 2009. Accessed on 6/10/09 at http://www.whitehouse.gov/the_press_office/Briefing-by-White-House-Pres-Secretary-Robert-Gibbs-5/5/09/. No disaggregation of the announced \$63 billion target between Function 150 and other funding is indicated in published materials.

State /USAID-managed Economic Assistance

FY 2010 Budget Request: State/ USAID-managed Economic Assistance							
(\$ in millions)							
Account	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
ESF	\$5,181	\$4,144	\$2,974	\$7,118	\$6,504	26% Increase	9% Decrease
Global Health and Child Survival	\$6,498	\$7,189	\$150	\$7,339	\$7,595	17% Increase	3% Increase
Development Assistance	\$1,624	\$2,000	\$0	\$2,000	\$2,734	68% Increase	37% Increase
AEECA	\$743	\$650	\$272	\$922	\$762	3% Increase	17% Decrease
Total	\$14,046	\$13,983	\$3,396	\$17,379	\$17,595	25% Increase	1% Increase

ESF: Economic Support Fund; AEECA: Assistance for Europe, Eurasia, and Central Asia

Policy Driven Economic Assistance

The FY 2010 request for the Economic Support Fund (ESF) is \$6.5 billion, a \$1,142 million increase over the FY 2008 level. With nearly \$3 billion enacted in the FY 2009 supplemental, the ESF request appears to be a 9 percent reduction. Besides Afghanistan, Pakistan, and Iraq, the request would also increase funding for several other countries. Spending in Africa would increase by \$365 million over FY 2008, with increases for Liberia, Sudan, Democratic Republic of Congo, and Zimbabwe.

In East Asia and Pacific, \$98 million is requested for North Korea, contingent upon its denuclearization. There is no ESF request for Indonesia or the Philippines; funding for both is included in the FY 2010 Development Assistance budget.

Economic assistance funding for Europe has been reduced and is concentrated in the Assistance for Europe, Eurasia, and Central Asia (AEECA) account. Georgia did receive \$242 million in ESF funding in the FY 2009 supplemental which would remain available through FY 2010. The FY 2010 ESF request also includes \$178 million for a Global Climate Change Initiative to reduce greenhouse gas emissions, more than tripling the level provided in FY 2008.

The FY 2009 ESF supplemental included \$2.973 billion, of which Afghanistan, Pakistan, Iraq, and the West Bank and Gaza account for 80 percent. In addition, the supplemental includes \$255 million for developing countries affected by the global financial crisis.

The President requested \$762 million for AEECA, an increase of \$19 million over the enacted level for FY 2008. AEECA appears to decline from the FY 2009 level by \$160 million, but Congress included

\$272 million for Georgia and Kyrgyz Republic in the FY 2009 supplemental which will remain available in FY 2010.

Development Assistance

The Development Assistance account would increase by \$734 million in FY 2010 or 37 percent over FY 2009. Development Assistance would increase by \$1.11 billion over the FY 2008 level.

- Development Assistance spending for agriculture would increase by \$577 million, or 355 percent over FY 2008. Environmental programs would increase by \$200 million, nearly double the level in FY 2008.
- Governance programs would increase by \$245 million, or 131 percent over FY 2008. In addition, the President is requesting authority to waive restrictions under Sec. 660 of the Foreign Assistance Act regarding police training.

Funding for Recurring Humanitarian Relief Programs

The President's budget request for humanitarian relief is consistent with his stated principle of fully funding ongoing programs in the base year. The base request for FY 2010 contains \$4.1 billion for humanitarian relief programs, about \$470 million more than the 5-year average funding. The request for disaster assistance in FY 2010 includes \$300 million for emergency food security that should provide for more flexible and cost-effective delivery of food-aid. While below the enacted levels for FY 2008 and FY2009, the request would more fully fund recurring program levels than prior years and reduce the need for additional supplemental funding.

FY 2010 Budget Request: Humanitarian Relief Programs							
(\$ in millions)							
Account	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
MRA	\$1,338	\$1,285	\$390	\$1,675	\$1,480	11% Increase	12% Decrease
ERMA	\$76	\$40	\$0	\$40	\$75	1% Decrease	88% Increase
Disaster Assistance	\$670	\$550	\$270	\$820	\$880	31% Increase	7% Increase
P.L.480, Food-Aid	\$2,060	\$1,691	\$700	\$2,391	\$1,690	18% Decrease	29% Decrease
Total	\$4,144	\$3,566	\$1,360	\$4,926	\$4,125	1% Decrease	16% Decrease

MRA: Migration and Refugee Assistance; ERMA: US Emergence Refugee and Migration Assistance

Congress also provided \$1.36 billion in FY 2009 supplemental funding for P.L.480 Food Aid, International Disaster Assistance, and Migration and Refugee Assistance (MRA) to meet urgent

humanitarian needs for refugees and internally displaced persons (IDPs), \$567 million more than the President's request. The \$400 million added by Congress to the P.L.480 program would maintain average spending of more than \$2 billion in each of fiscal years 2009 and 2010.

Security Assistance

The State Department has responsibility for a number of programs that assist military forces and other security institutions in other countries. Security assistance accounts include: International Narcotics Control and Law Enforcement (INCLE) and Andean Counterdrug Programs (ACP), Foreign Military Financing (FMF), Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR), International Military Education and Training (IMET), Foreign Military Financing (FMF) and the Pakistan Counterinsurgency Fund (PCCF). The FY 2010 budget request would increase the resources available to the Secretary for such assistance.

FY 2010 Budget Request: Bilateral Security Assistance Programs							
(\$ in millions)							
Account	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
INCLE & ACP*	\$1,279	\$1,389	\$488	\$1,877	\$1,947	52% Increase	4% Increase
FMF	\$4,719	\$4,938	\$1,294	\$6,232	\$5,274	12% Increase	15% Decrease
NADR	\$491	\$530	\$102	\$632	\$765	56% Increase	21% Increase
IMET	\$85	\$91	\$2	\$93	\$110	29% Increase	18% Increase
PCCF	\$0	\$0	\$700**	\$700	\$0**	-	-
Total	\$6,574	\$6,948	\$2,586	\$9,534	\$8,096	23% Increase	15% Decrease
*The FY 2010 request consolidates the Andean Counter-drug Program (ACP) with the International Narcotics and Law Enforcement (INCLE) program.							
**Congress appropriated \$1.1 billion in the FY 09 Supp: \$400 m. in DOD and \$700 m. in State. \$700 m. was requested in DOD for FY 2010.							

International Narcotics Control and Law Enforcement (INCLE)

Funding for INCLE has increased by 52 percent since FY 2008, indicating the growing importance of counter-narcotics and law enforcement in the Western Hemisphere and in South and Central Asia. The Western Hemisphere would continue to lead all regions in INCLE programming with \$889 million. The Mérida Initiative provides \$525 million for Mexico and other Central American countries. The request for countries previously funded under the Andean Counter-drug Program would decline by \$50 million to \$311 million. (In the FY 2009 supplemental, Mexico also received the largest portion of INCLE funds

– \$160 million.) South and Central Asia with Afghanistan and Pakistan would be the second largest region within INCLE with \$610 million.

Foreign Military Financing (FMF)

The FMF programs continues to focus on the Middle East, where countries would benefit from \$4.5 billion, or 85 percent, of the total FY 2010 FMF request of \$5.3 billion. Ninety percent of Near East funding would be for Israel and Egypt: \$2.77 billion and \$1.3 billion respectively.

The FY 2009 supplemental included \$965 million of the FY 2010 budget request for Middle East countries: \$150 million for Jordan, \$260 million for Egypt, and \$555 million for Israel. Those amounts are not in addition to the funds requested for FY 2010; the FY 2010 appropriation may be reduced by that amount without affecting program levels for the year.

Nonproliferation, Anti-Terrorism, Demining and Related Activities (NADR)

The NADR program provides assistance for counter-terrorism, non-proliferation and demining programs. The President is requesting \$765 million for NADR in FY 2010, an increase of \$133 million or 21 percent over the FY 2009 level. Anti-terrorism programs would grow by \$157 million while conventional weapons destruction would increase by 32 percent to \$163 million. The President is requesting \$292 million for non-proliferation programs to support the Nonproliferation and Disarmament Fund and export control/border security assistance. In the FY 2009 supplemental, Congress also provided \$102 million for State's NADR nonproliferation program.

Afghanistan, Pakistan, and Iraq

These three countries figure prominently in the President's budget request, for both security and policy-oriented economic assistance. The FY 2010 budget would greatly increase resources to Afghanistan and Pakistan, but, reflecting the shift in policy priorities, would reduce funding for Iraq, aside from counter-narcotics funding. Most of the assistance would be provided through ESF and INCLE accounts, with responsibility for security assistance handed largely to DOD. (Of the three, only Pakistan would receive FMF funding (See "Security Assistance Spending by Other Agencies" section).

Afghanistan

Afghanistan programs would receive \$2.8 billion in FY 2010 from accounts within the International Affairs budget, and have also received \$1 billion in supplemental appropriations for FY 2009. Much of the International Affairs budgetary assistance to Afghanistan for FY 2010 would be through the Economic Support Funds (ESF) account, intended to strengthening the capacity of the Afghan government and counter-narcotics programs.

Assistance to Afghanistan (Budget authority in millions of dollars)							
Budget Function 150	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
ESF	\$1,400	\$1,187	\$861	\$2,048	\$2,158	54% Increase	5% Increase
IMET	\$2	\$1	\$0	\$1	\$2	No Change	100 % Increase
INCLE	\$308	\$351	\$133	\$484	\$450	46% Increase	7% Decrease
NADR	\$28	\$37	\$12*	\$49	\$58	107% Increase	18% Increase
Global Health & Child Survival	\$64	\$58	\$0	\$58	\$94	47% Increase	62% Increase
Development Assistance	\$149	\$0	\$0	\$0	\$0	100% Decrease	No Change
P.L. 480 Food-Aid	\$155	\$47	\$0	\$47	\$16	90% Decrease	66% Decrease
Country Total	\$2,106	\$1,681	\$1,006	\$2,687	\$2,778	32% Increase	3% Increase
Source: State Department, Foreign Operations Congressional Budget Justification, FY 2010, Part II							
* Numbers are requested numbers. The Secretary of State has 45 days after the enactment of the supplemental to submit a report to Congress detailing planned expenditures of appropriated funds.							

Pakistan

The President requested \$1.6 billion for Pakistan in FY 2010, more than double the funding in FY 2008. In addition, the administration requested a new Pakistan Counterinsurgency Capabilities Fund (PCCF) for non-economic security assistance, initially funded with \$400 million in DOD monies in the FY 2009 supplemental. This new fund can be used for all non-economic security assistance. In the FY 2009 supplemental, Congress provided the requested funds to DOD for FY 2009 (which remain available in FY 2010), but , provided an additional \$700 million for PCCF to the Department of State. Although these funds are in the FY 2009 supplemental, they are not available until September 30, 2009, making them virtual FY 2010 funding through State. The combined availability of these ostensible 2009 funds mean, in effect, that total funding available for economic and security assistance to Pakistan will increase in FY 2010.

The FY 2009 supplemental also directs the Secretary of Defense and the Secretary of State to develop a joint plan for transitioning PCCF from the DOD to State in FY 2010, with the expectation that State will fully execute the program by FY 2011.

Assistance to Pakistan (Budget authority in millions of dollars)							
Budget Function 150	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
ESF	\$347	\$575	\$539	\$1,114	\$1,074	210% Increase	4% Decrease
FMF	\$298	\$300	\$0	\$300	\$298	No Change	1% Decrease
IMET	\$2	\$2	\$0*	\$2	\$4	100% Increase	100% Increase
INCLE	\$22	\$22	\$66	\$88	\$155	605% Increase	76% Increase
NADR	\$10	\$11	\$2*	\$13	\$23	130% Increase	77% Increase
PCCF	-	-	\$700**	\$700	\$0**	-	-
Global Health & Child Survival	\$30	\$33	\$0	\$33	\$28	7% Decrease	15% Decrease
Development Assistance	\$30	\$0	\$0	\$0	\$0	100% Decrease	No Change
P.L. 480 Food- Aid	\$3	\$0	\$0	\$0	\$0	100% Decrease	No Change
Country Total	\$742	\$943	\$1,307	\$2,250	\$1,582	203% Increase	30% Decrease

Source: State Department, Foreign Operations Congressional Budget Justification, FY 2010, Part II

*Numbers are requested numbers. The Secretary of State has 45 days after the enactment of the supplemental to submit a report to Congress detailing planned expenditures of appropriated funds.

**Congress appropriated \$1.1 billion for PCCF in the FY09 Supp.: \$400 m. for DOD and \$700 m. for State; \$700 m. was requested for PCCF in DOD for FY 2010.

In FY 2010, Pakistan would also receive \$298 million in FMF. ESF and Global Health and Child Survival support would total \$1.1 billion, nearly 70 percent of it for economic and humanitarian programs. This includes \$364 million for education in FY 2010—more than double the amount provided in FY 2009. The FY 2009 supplemental allowed some of the ESF to be made available as budget support provided that Pakistan signs in advance a bilateral agreement to assure accountability and oversight. INCLE funding would be used to develop the capacity of Pakistan's law enforcement agencies to manage the internal security of the state and control its borders.

Iraq

The President requested \$500 million for Iraq in FY 2010, a decrease from prior year funding. This decline reflects the goal of turning over to the government and people of Iraq the responsibility for their own future. Assistance to Iraq would focus largely on strengthening national and local governments and supporting upcoming national elections.

Assistance to Iraq							
(\$ in millions)							
Budget Function 150	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
ESF	\$429	\$103	\$439	\$542	\$416	3% Decrease	23% Decrease
Democracy Fund	\$75	\$0	\$0	\$0	\$0	100% Decrease	No Change
IMET	\$0	\$0	\$2*	\$2	\$2	-	No Change
INCLE	\$85	\$0	\$20	\$20	\$52	39% Decrease	160% Increase
NADR	\$20	\$25	\$11*	\$36	\$30	50% Increase	17% Decrease
P.L. 480 Food-Aid	\$24	\$0	\$0	\$0	\$0	100% Decrease	No Change
Country Total	\$633	\$128	\$472	\$600	\$500	21% Decrease	17% Decrease

Source: State Department, Foreign Operations Congressional Budget Justification, FY 2010, Part II

* Numbers are requested numbers. The Secretary of State has 45 days after the enactment of the supplemental to submit a report to Congress detailing planned expenditures of appropriated funds.

Security Assistance Spending by Other Agencies

The increase in security assistance available to the Secretary of State does not signal the end of the parallel architecture of economic and security assistance provided through the Department of Defense (DOD). As shown in the table below, the DOD has built up a substantial portfolio of foreign and security assistance programs since FY 2002. These programs fall outside the International Affairs budget and are funded through the DOD.

Department of Defense Security and Foreign Assistance						
(\$ in millions)						
DOD Assistance Program	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	Similar Program in State/USAID
Global Train and Equip (Section 1206)	\$300*	\$350	\$0	\$0	\$400	FMF
Security and Stabilization (Section 1207)	\$100*	\$150	\$0	\$150	\$200	OTI
Support to Foreign Forces (Section 1208)	\$25**	\$35	\$0	\$35	\$0	FMF, ESF
PCCF	\$0	\$0	\$400***	\$400	\$700	FMF, INCLE
Iraq Security Forces Fund	\$3,000	\$1,000	\$1,000	\$2,000	\$0	FMF, INCLE
Afghanistan Security Forces Fund	\$2,750	\$2,000	\$3,607	\$5,607	\$7,463	FMF, INCLE
Cooperative Threat Reduction	\$426	\$433	\$0	\$433	\$404	NADR
OHDACA	\$133	\$83	\$0	\$83	\$85	IDFA
Coalition Support Fund	\$1,100	\$200	\$1,000	\$1,200	\$1,600	ESF, FMF
“Lift and Sustain”	\$300	\$100	\$150	\$250	\$300	ESF, FMF
Commander’s Emergency Response Program	\$1,700	\$0	\$453	\$1,500****	\$1,500	OTI, DA, ESF
Counter Terrorism Fellowship Program	\$25	\$35	\$0	\$35	\$35	IMET
Combatant Commander’s Initiative Fund	\$50	\$50	\$13	\$63	\$100	ESF, DA, OTI, S/CRS
Drug Interdiction and Counter-drug Activities	\$1,177	\$1,162	\$120	\$1,282	\$1,384	INCLE

PCCF: Pakistan Counterinsurgency Capability Fund; OHDACA: Overseas Humanitarian Disaster and Civic Assistance; FMF: Foreign Military Financing; ESF: Economic Support Funds; OTI: Office of Transition Initiatives; DA: Development Assistance; INCLE: International Narcotics Control and Law Enforcement; IDFA: International Disaster and Famine Assistance; IMET: International Military Education and Training; S/CRS: Office of the Coordinator of Reconstruction and Stabilization

*FY 2007 NDAA authorized \$300 m. for Section 1206 and \$100 m. for Section 1207, part of which will be used in FY 2008.

**FY 2005 NDAA authorized \$25 m. for Section 1208; authority was extended in the FY 2008 NDAA, part of these funds will be used in FY 2008.

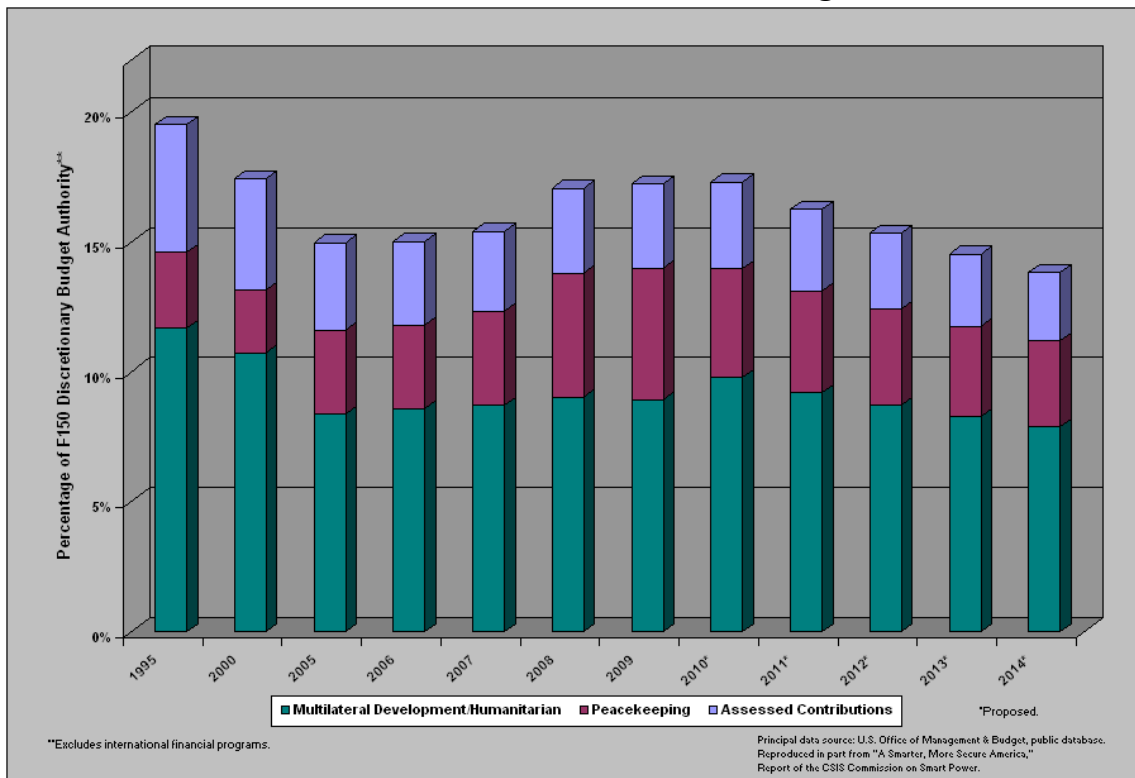
*** Congress appropriated \$1.1 billion for PCCF in the FY09 Supp.: \$400 m. for DOD available in FY09 and \$700 m. for State; \$700 m. was requested for PCCF from within DOD for FY 2010.

****FY 2009 NDAA authorized \$1.5 billion for CERP for FY 2009.

Multilateral Funding

Spending through international organizations and the multilateral development banks (MDBs) would increase in FY 2010. However, multilateral spending as a percentage of the US International Affairs budget continues a gradual long-term downward trend and a shift in emphasis from development to peacekeeping activities. As US International Affairs spending has increased over the last decade, the preponderance of growth has been in funding for bilateral instruments. The President's budget continues these overall trends as illustrated in the following chart:

US International Affairs Multilateral Funding FY 1995-2014



Multilateral funding includes assessed contributions to international organizations such as the United Nations, its affiliated agencies, and other global and regional (including inter-American, European, and Pacific) organizations. In addition, the United States is assessed a portion of UN mandated peace support operations. The assessments are the US share of the organizations' and peacekeeping missions' operating expenses required by treaty. The US makes voluntary contributions to international organizations such as UNICEF and the UN Development Program to further goals shared with other nations. Finally, the US contributes to Multilateral Development Banks such as the World Bank and other regional development banks for lending to developing countries at concessional rates. The chart includes the requested supplemental spending for FY 2009 but does not include the International Monetary Fund quota increase described below.

Assessed Contributions

CIO funds are assessed contributions to the regular operating budgets of international organizations while CIPA funds are assessed contributions to UN-mandated peacekeeping operations. The President requested \$4,093 million in FY 2010 and supplemental appropriations of \$837 million for FY 2009 for assessed contributions. Congress provided \$721 million for CIPA in the FY 2009 supplemental, \$116 million less than the request. This same amount, however, was added to the peacekeeping operations (PKO) account and may be used to pay assessed expenses of international peacekeeping activities in the event of a UN mission deployment to Somalia to replace (or complement) the existing African Union mission.

FY 2010 Budget Request: Assessed Contributions to International Organizations and Peacekeeping Activities							
(\$ in millions)							
Account	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
CIPA	\$2,064	\$1,668	\$721	\$2,389	\$2,296	11% Increase	4% Decrease
CIO	\$1,409	\$1,604	\$0	\$1,604	\$1,797	28% Increase	12% Increase
Total	\$3,473	\$3,272	\$721	\$3,993	\$4,093	18% Increase	3% Increase
CIPA: Contributions to International Peacekeeping Activities; CIO: Contributions to International Organizations							

The FY 2009 supplemental and the increase in the FY 2010 budget request are largely for missions in the Democratic Republic of Congo (MONUC), Chad and the Central African Republic (MINURCAT), support for a potential UN mission to replace the African Union mission in Somalia (AMISOM), and other missions in sub-Saharan Africa, Timor-Leste and Haiti.

- The request for FY 2010 would fully fund US commitments to international organizations and peacekeeping activities and is consistent with the administration's goal of fully funding basic accounts.
- The request for CIO includes \$175 million in FY 2010 to begin synchronizing the US federal budget cycle with international organizations' budget year to permit a more timely payment of our assessed contributions.
- With the enacted FY 2009 Bridge Supplemental, the FY 2009 emergency supplemental for CIPA, and the positive movement in the dollar exchange rate, the request will pay all arrears in assessments built up since the Helms-Biden amendment in 1999. Arrears accumulated prior to 1999 would not be affected.

The President requested a Buying Power Maintenance account for International Organizations. The new account would recover and re-appropriate a few million dollars each year from expired balances—not enough to protect against any future negative movement in exchange rates.

Voluntary Contributions

The President requested \$722 million for voluntary contributions to international organizations and peacekeeping operations, less than the FY 2009 level but an increase of 100 million, or 16 percent, over FY 2008.

- The cut in Peacekeeping Operations (PKO) relative to FY 2009 comes from shifting some operations in the Democratic Republic of Congo and Somalia to CIPA. Also, the multiyear voluntary effort in Liberia is entering its final phase.
- The Global Peace Operations Initiative (GPOI), an effort began in 2004 to train at least 75,000 peacekeepers mostly from Africa, by FY 2010 will continue for a second five-year phase at a lower level of funding. The President requested \$97 million for GPOI, \$9 million less than FY 2009.
- The request would increase assistance to the Trans-Sahara Counter-Terrorism Partnership to \$20 million and provide \$13.6 million for two Africa regional initiatives first requested in the FY 2009 supplemental (East Africa Regional Strategic Initiative and the Africa Conflict Stabilization and Border Security).
- Total funding for International Organizations and Programs (IO&P) would be increased by \$4 million, however, within the account, funding for the UN Development Program would be cut by \$25 million, and funding for the UN High Commissioner for Human Rights would be eliminated. These cuts are offset by increases to the UN Population Fund, the UN Democracy Fund, and others.

FY 2010 Budget Request: Voluntary Contributions to International Organizations and Peacekeeping Operations							
(\$ in millions)							
Account	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
IO&P	\$310	\$353	\$0	\$353	\$357	15% Increase	1% Increase
PKO	\$261	\$345	\$185	\$530	\$296	13% Increase	44% Decrease
IAEA(NADR)	\$51	\$61	\$1*	\$62	\$69	35% Increase	11% Increase
Total	\$622	\$759	\$186	\$945	\$722	16% Increase	24% Decrease

IOP: International Organizations & Programs, PKO: Peacekeeping Operations; IAEA: International Atomic Energy Agency within the Nonproliferation, Anti-Terrorism, Demining, and Related Programs Account

Multilateral Banks and Debt Restructuring

The President is requesting \$2.341 billion for the Multilateral Development Banks (MDBs) and \$111 million for debt restructuring, an increase of \$1.122 billion, or 84 percent over FY 2008.

MDBs and Debt Restructuring					
(\$ in millions)					
Account	FY 2008 Actual	FY 2009 Enacted	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
MDBs	\$1,277	\$1,493	\$2,341	83% Increase	57% Increase
Debt Restructuring	\$54	\$60	\$111	106% Increase	85% Increase
Total	\$1,331	\$1,553	\$2,452	84% Increase	58% Increase

- The request would fully fund \$1,641 million in scheduled contributions to the MDBs, including new replenishments for the Asian Development Fund and the International Fund for Agricultural Development.
- The request would fund \$100 million of arrears, or amounts cut in past years from scheduled contributions, about 10 percent of the total arrears.
- In addition, the request includes \$600 million for contributions to two new funds to be administered by the World Bank: \$500 million for a Clean Technologies Fund and \$100 million for a Strategic Climate Fund. The Clean Technology Fund would finance the additional cost of clean technologies over cheaper alternatives while the Strategic Climate Fund would finance low carbon-emitting technologies.
- Debt Restructuring would increase to \$111 million in FY 2010: \$20 million for Tropical Forests and \$91 million a contribution to the HIPC Trust Fund and bilateral debt restructuring for the Democratic Republic of the Congo.
- The FY 2009 Supplemental requires the Secretary of the Treasury, in consultation with the US Executive Director of the World Bank and the Executive Board of the Fund, to submit a report detailing the steps taken to coordinate the activities of the World Bank and the IMF to avoid the duplication of missions. Seemingly contradictory, the supplemental also requires the Secretary to encourage the IMF to provide \$4 billion of concessional loans and grants to low-income countries from Fund resources.

Other Subfunction 151 Agencies

There are multiple independent agencies and programs that are funded through the International Affairs budget but are separate from the Department of State. Highlighted in this section are some of the larger agencies/programs, including the Millennium Challenge Corporation, the Peace Corps, the Broadcasting Board of Governors and the McGovern-Dole International Food for Education and Child Nutrition Program.

FY 2010 Budget Request: Other Subfunction 151 Agencies					
(\$ in millions)					
Account	FY 2008 Actual	FY 2009 Enacted	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
MCC	\$1,475	\$875	\$1,425	3% Decrease	63% Increase
Peace Corps	331	340	373	13% Increase	10% Increase
McGovern/Dole	\$99	\$100	\$200	102% Increase	100% Increase
Other	(\$36)	(\$30)	(\$39)	-	-
Total	\$1,869	\$1,285	\$1,959	5% Increase	52% Increase

MCC: Millennium Challenge Corporation
 Other: Overseas Private Investment Corporation (OPIC); Trade Development Agency (TDA); Inter-American Foundation (IAF); African Development Foundation (AFDF); Treasury Technical Assistance.

The Millennium Challenge Corporation (MCC)

The Millennium Challenge Corporation (MCC) is unique in the level of recipient participation in identifying and designing the assistance, or development compacts, MCC provides. The President's request would increase funding for MCC by \$550 million, or 63 percent, over the level provided in 2009. While significant, funding would still be slightly below the level for FY 2008.

MCC is asking for \$1,193 million to fund three new compacts with Jordan, Moldova, and the Philippines. Including two new compacts they expect to sign in 2009 with Moldova and Senegal, the MCC would have signed 23 compacts through FY 2010. The MCC is asking for \$40 million for its Threshold Program to provide assistance to countries that do not yet meet the MCC's eligibility criteria but which the MCC Board deems worthy of assistance. A breakdown of funding is shown below.

Millennium Challenge Corporation, by Program					
(in millions of dollars)					
Program	FY 2008 Actual	FY 2009 Enacted	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
New Compacts	\$1,320	\$700	\$1,193	10% Decrease	70% Increase
Threshold Country Programs	\$19	\$40	\$40	111% Increase	No Change
Administrative Expenses	\$87	\$95	\$98	13% Increase	3% Increase
Due Diligence and Audits	\$60	\$37	\$95	58% Increase	157% Increase
Total	\$1,486	\$872	\$1,426	4% Decrease	64% Increase

Peace Corps, McGovern-Dole and Other Subfunction 151 Agencies

The Peace Corps is continuing a multiyear effort to increase the number of volunteers and the countries in which they would serve.

The President requested \$200 million for school feeding programs under the McGovern-Dole International Food for Education and Child Nutrition Program, doubling the funding provided in FY 2009.

Other Subfunction 151 agencies include the Overseas Private Investment Corporation (OPIC), Trade Development Agency (TDA), Inter-American Foundation (IAF), African Development Foundation (AFDF), and Treasury Technical Assistance. The negative net total for these other agencies occurs because OPIC's negative outlays are from interest income on its holdings of Treasury securities. Its credit programs do not make money for the government.

Expanding Diplomatic and Development Operations

Overall the State Department's operating budget has grown substantially during the last decade. However, trends in funding for core diplomacy and international information programs have been comparatively constrained, with staffing demands uniquely related to Iraq, Afghanistan, and their neighboring countries accounting for significant post-9/11 growth. USAID operating fund growth has been limited, as well.

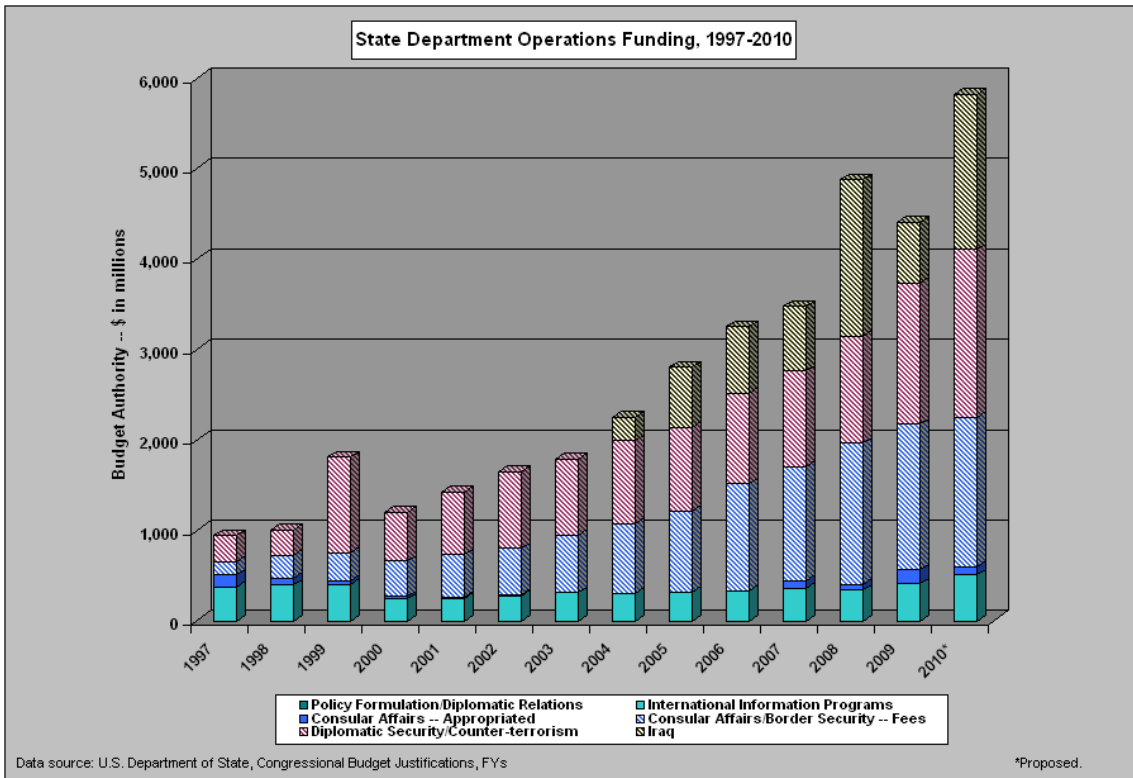
The President's budget would substantially grow funding for diplomatic and development operations, with \$9.12 billion requested for State's Diplomatic and Consular Programs and Capital Investment Fund accounts, and \$1.652 billion in corresponding funding for USAID. The following table summarizes these proposals.

FY 2010 Budget Request: Capacity Building at State and USAID							
(\$ in millions)							
Account	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
State, D&CP	\$6,818	\$6,155	\$998	\$7,153	\$8,960	31% Increase	25% Increase
State Capital Investment Fund	\$60	\$323	\$0	\$323	\$160	167% Increase	50% Decrease
USAID Operating Expenses	\$801	\$809	\$158	\$967	\$1,439	80% Increase	49% Increase
USAID Capital Investment Fund	\$87	\$74	\$49	\$123	\$213	145% Increase	73% Increase

D&CP: Diplomatic and Consular Programs; Source: Department of State Congressional Budget Justification, FY 2009 Conference Report 111-151.

Specific to Core Diplomacy⁸ and International Information Programs (IIP), the President's budget proposes funding increases totaling \$711.1 million over 2008 levels. The following graph illustrates the Department's Core Diplomacy and IIP funding proposals against a backdrop of post-Cold-War and GWOT-driven trends.

State Department Operations Funding, FY 1997- FY 2010



Increasing Core Diplomacy

The FY 2010 request would fully fund State operations in Iraq and Afghanistan as well as growth in core capacity. The FY 2009 supplemental provided the \$336 million for Iraq operations requested in the FY 2010 budget. Under the request, State would increase both core diplomatic capacity and training capacity by 509 and 633 US Direct-Hire positions respectively.⁹ In addition, State would increase support staffing by 60 USDH positions and Diplomatic Security staffing by 440 to a total of 2,759.

Enhancing Public Diplomacy

Public diplomacy funding would significantly increase under the President's budget. However, the staffing request falls short of ambitious programs outlined by a number of external groups.

⁸ Core Diplomacy includes diplomatic relations, consular relations, policy formation and multilateral diplomacy, and excludes budget activity sets corresponding to diplomatic security and indirect management/ administrative support.

⁹ This growth is generally consistent with recommendations of the October 2008 Stimson Center/American Academy of Diplomacy report, "A Foreign Affairs Budget for the Future."

Public Diplomacy (Sin millions of dollars)							
Program	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
Public Diplomacy	\$361	\$399	\$4	\$403	\$520	44% Increase	29% Increase
Educational & Cultural Exchanges	\$501	\$538	\$0	\$538	\$633	26% Increase	18% Increase

- The request would increase staffing by 79 US Direct-Hire positions relative to 2008, contrasting with external recommendations three times as large.
- Academic and other exchanges would increase by \$132 million over FY 2008.
- Foreign language programming by IIP in Arabic, Chinese, and Persian would be funded in the base request, but no new languages would be added.¹⁰

Managing Foreign Assistance

The request for USAID Operating Expenses and Capital Investment Fund total \$1,652 million, an increase of \$764 million over the FY 2008 level.¹¹

- The request includes the third year of a multiyear Development Leadership Initiative (DLI) under which USAID will recruit, hire, and train 350 new Foreign Service Officers in FY 2010.
- Total USAID workforce—US direct hire, DLI, Foreign Service nationals, and other US—would increase by 1,478 over the level for 2008. All but 85 of these positions would be overseas with the greatest growth in Africa and Latin America.
- The Capital Investment Fund request for FY 2010 includes \$135 million to relocate three new overseas facilities on new embassy compounds and \$78 million to modernize information technology.
- Staff training in FY 2010 would, however, remain only \$10 million, only half the amount recommended by the *Foreign Affairs Budget for the Future* report by the American Academy of Diplomacy and Stimson.
- All operations in Iraq, Afghanistan, Pakistan, and Sudan are included in the base request.

¹⁰ The FY2010 request provides no funding for American Cultural Centers, Information Resource Centers, or expanding Media Hubs as recommended by Stimson/American Academy of Diplomacy. Binational Centers in Latin America would receive a small increase in funding.

¹¹ This increase is consistent with the Stimson Center/ American Academy of Diplomacy's recommendations.

Staffing for Reconstruction and Stabilization Capabilities

USAID and the State Department are both involved in stabilization and reconstruction efforts for man-made emergencies through USAID's Office of Transition Initiatives (OTI) and State's Civilian Stabilization Initiative (CSI) through the Office of the Coordinator for Reconstruction and Stabilization (S/CRS). State's civilian response capabilities would expand significantly in FY 2010 budget with the increase in CSI and the creation of two contingency accounts (the Stabilization Bridge Fund and the Rapid Response Fund).

State/ USAID Stabilization & Reconstruction							
(\$ in millions)							
Account	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2009 to FY 2010	% Δ From FY 2009 to FY 2010
OTI	\$45	\$50	\$0	\$50	\$126	180% Increase	152% Increase
CSI*	\$55	\$75	\$0	\$75	\$323	487% Increase	331% Increase
ESF	\$0	\$0	\$0	\$0	\$40	-	-
Total	\$100	\$125	\$0	\$125	\$489	389% Increase	291% Increase
OTI: Office of Transition Initiatives; CSI: Civilian Stabilization Initiative; ESF: Economic Support Funds Stabilization Bridge Fund. *Includes funds provided for both State and USAID							

The State Department is requesting \$323 million for the Civilian Stabilization Initiative (CSI) to recruit, train, support, equip, and deploy an interagency Civilian Response Corps for reconstruction and stabilization missions. This request would add another 361 people to the force, on top of the 258 authorized in FY 2009. It would also add ten positions to S/CRS.

- The request contains language to give the President much larger and highly flexible transfer authority and \$40 million for a Stabilization Bridge Fund in the Economic Support Fund. This would significantly increase the funding available for civilian stabilization and reconstruction operations.
- The budget request would more than double funds for USAID's Office of Transition Initiatives, creating a \$76 million Rapid Response Fund to respond quickly to unforeseen events in new and fragile democracies. This authority and funding would parallel the CSI initiative, further expanding the flexibility with which State and USAID can respond to urgent needs in fragile and post-conflict states.

Other International Affairs Programs

The International Affairs budget also includes funding for public diplomacy activities, such as broadcasting programs and international financial programs (Subfunctions 154 and 155) not specifically

dealt with in this analysis. Within international financial programs, the Export-Import Bank sustains its operations through fees and other income generated by its credit programs. The Educational and Cultural Activities account was discussed in the “Expanding Diplomatic and Development Operations” section.

International Monetary Fund (IMF)

Occasionally the United States increases the resources it provides to the International Monetary Fund (IMF). The last increase in resources was in FY 1999. At the G-20 meeting in April 2009, the President pledged to increase our commitment to the IMF by \$108 billion through a Quota subscriptions and an increase in the authority to lend to the IMF under arrangements to borrow. The supplemental request was submitted after the FY 2010 budget request and was not included in the budget totals.

FY 2010 Budget Request: International Monetary Fund							
(\$ in millions)							
Account	FY 2008 Actual	FY 2009 Enacted	FY 2009 Supp.	FY 2009 Total	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
IMF	\$0	\$0	\$5,000	\$5,000	\$0	No Change	100% Decrease

- The President requested an increase in the US quota in the IMF of \$5 billion Special Drawing Rights (SDR) valued at about \$8 billion. The increase would maintain the US current voting share and veto power within the organization.
- The Obama Administration requested SDR75 billion (about \$113 billion) to increase US participation in the New Arrangement to Borrow (NAB). The President pledged \$100 billion and he may, but is not required, provide to provide less than the full SDR75 billion.
- The appropriation language authorized the IMF to sell 13 million ounces of gold, about one-eighth of its holdings, to finance an endowment to cover a portion of its administrative expenses.
- The language of the request would direct that the increases to the Quota and NAB be estimated and scored according to the Federal Credit Reform Act of 1990.
- The Congressional Budget Office is estimating the increase in the Quota and NAB would cost \$5 billion with outlays flowing over the next four years. OMB has not provided an estimate of costs.

Broadcasting Board of Governors

Funding for the Broadcasting Board of Governors would increase by \$61 million in FY 2010 to \$745 million, however that would be little more than inflation over the funding level for FY 2009. Funding for Cuba Broadcasting would be cut. The International Broadcasting Bureau would lose 56 positions.

The FY 2009 supplemental would authorize a transfer of \$10 million from State Department D&CP to the BBG for broadcast operations in the border region of Pakistan and Afghanistan.

Broadcasting Board of Governors					
(\$ in millions)					
Account	FY 2008 Actual	FY 2009 Enacted	FY 2010 Request	% Δ From FY 2008 to FY 2010	% Δ From FY 2009 to FY 2010
Broadcasting Board of Governors	\$684	\$715	\$745	9%	4%