

Details on the Obama Administration's FY 2011 Budget Request to Congress

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Budget Request for Department of State and USAID

The Obama administration has requested \$52.8 billion for the State Department and USAID for fiscal 2011.

This is \$4.9 billion more than appropriated for the same accounts in FY 2010, a 10 percent increase. USAID would receive \$1.7 billion under the request, about \$50 million more than what they received for FY 2010.

Budget Items that Directly Relate to Increasing Food Security and Agricultural Development Abroad

Global Hunger and Food Security

- **Funding for the Global Hunger and Food Security Initiative - \$1.8B**

The President's commitment of at least \$3.5 billion over three years to establish the Global Hunger and Food Security Initiative, which the administration is now calling "Feeding the Future," strives to address the root causes of hunger – poverty, malnutrition – by raising agricultural productivity and rural incomes and by improving household nutrition. The 2011 Budget increases funding for agriculture development and nutrition programs as part of a multi-year plan to lift a significant number of people out of poverty and reduce under five malnutrition for millions of children by 2015. The Budget provides assistance through bilateral assistance and a new multi-donor facility administered by the World Bank to poor countries that make policy and financial commitments to address their internal food security needs. Additional assistance will help targeted countries increase agricultural productivity, improve agricultural research and development, and expand markets and trade while monitoring and evaluating program performance. The Budget also maintains strong support for food aid and other humanitarian assistance.

Breakdown of Funds:

Total funding of \$1.8 billion includes:

- \$1.2 billion for State and USAID;
 - An additional \$400 million which is in the Treasury Department to support multilateral programs; and
 - Within the administration's Global Health Initiative (request for 2011 is \$8.5 billion), there's also an additional \$200 million which supports the nutrition programs that are an essential part of the administration's Food Security Initiative.
- **Food for Peace, USDA P.L. 480 Title II - \$1,690B**

Title 2 allows donation of US agricultural products to meet humanitarian food needs. Emergency and non emergency (development) food aid activities support broader USAID objectives and can be used for both direct feeding and monetization programs. The 1,690B figure is the projected estimate of the cost to administer the program in FY 2010.
 - **Establishment of a Global Food Security Fund - \$4.08M**

A new multi-donor trust fund is being designed in conjunction with the Administration's Global Hunger and Food Security Initiative to support the efforts of developing countries that have demonstrated their commitment to a strategic approach for increasing agricultural growth and

productivity to achieve lasting improvements in the food security of their populations. Currently, stakeholders intend that the fund will be administered by the World Bank and will make medium-to long-term investments through a variety of international financial institutions for activities that advance a comprehensive approach to food security. Adopting a comprehensive approach, the fund will offer support in five key areas: raising agricultural productivity; linking farmers to markets; reducing risk and vulnerability; improving non-farm rural livelihoods; and technical assistance, institution building, and capacity development. Investment areas will vary by country depending on country priorities and the activities of other development partners. The fund will offer financing through a public sector and a private sector window; the latter will provide loans, credit guarantees, and equity to support private sector activities to improve agricultural development and food security. For both windows, priority will be given to proposals that leverage resources from other domestic and international partners, both public and private. The fund is being developed on the basis of a request by the Administration and other G20 leaders to the World Bank in Pittsburgh in September 2009. The fund will leverage the resources and expertise of the World Bank, the International Fund for Agricultural Development (IFAD) and other multilateral institutions and complement and reinforce the efforts of our bilateral food security programs. Efforts to create the fund are being led by the United States, Canada, and Spain with input from potential recipient countries and civil society. As part of this initiative, the Administration will seek authorizing legislation.

USAID Development Assistance Funds (Total FY 2011 Request is \$2,946B – 18% increase over FY 2010 amount)

- **Support for food security and agricultural development programs – \$1,169B**
The request stipulates that no less than \$1,169,833,000 of USAID’s development assistance funds may be made available for food security and agricultural development programs.
 - **\$31M** of which shall be made available for Collaborative Research Support Programs.

State Department - International Disaster Assistance Funding (Total FY 2011 Request is 845M)

- The request includes **\$300 million** for emergency food security, which will be used for local and regional purchase of food and other interventions, such as cash voucher and cash transfer programs to facilitate access to food.

State Department – Funding for International Organizations and Programs that work on global hunger issues

- **International Fund for Agricultural Development (IFAD) - \$30M**
The International Fund for Agricultural Development (IFAD) was established in 1977 as a multilateral financial institution focused on promoting rural agricultural development in poorer countries. IFAD's specific mandate is to assist rural small-scale producers and subsistence farmers to increase their productivity and incomes, improve food security, and help integrate them into larger markets. The 2011 Budget includes \$30 million for the second of three scheduled contributions under IFAD's eighth replenishment (IFAD-8). In December 2008, negotiations were concluded on IFAD-8 and the U.S. pledged a total of \$90 million over the three-year replenishment period 2010–2012. The U.S. exercised leadership to achieve key objectives, including a commitment for IFAD to develop a graduation policy along the lines of other multilateral development banks; human resources reform to improve the institution's staff profile and increase the proportion of operational staff; continued application of a strong performance-based allocation system; a five-tiered results framework; clear measures to enhance the independence of the internal audit function including consultation on hiring and removal of the internal auditor; and a commitment for IFAD to develop comprehensive environment, natural resources and climate change policies.
- **UN World Food Program - \$10M**
Of the funds managed by the Bureau for Democracy, Conflict, and Humanitarian Assistance within USAID, not less than \$10,000,000 shall be made available as a general contribution to the World Food Program.

Department of Agriculture – Funding for Agricultural Research Programs that Support Global Food Security

- The 2011 budget provides **\$429 million**, an increase of \$166.4 million, for the Agriculture and Food Research Initiative (AFRI) competitive peer-reviewed grant program, to initiate growth focused on

creative solutions for Presidential priorities of major domestic and world food and energy problems. Focus areas are bioenergy, global climate change, global food security, nutrition and health, and food safety.

- **Funding for National Institute for Food and Agriculture - \$130M Total**
International science and education grants program (FY 2011 request for \$3M)
Program focuses on incorporating substantive international activities into programs related to food systems, agriculture and natural resources at U.S. land-grant colleges and universities.

Department of Agriculture – Foreign Agricultural Service (Total FY 2011 Request for FAS is \$259M)

- **Portion of FAS Budget to Devoted to Promoting U.S. Agricultural Exports - \$182M**
A substantial portion of U.S. agricultural cash receipts comes from export sales, making the vitality of rural America heavily dependent on international trade. FAS gives U.S. government policy makers, producer groups, private exporters, and producers the market intelligence they need to develop successful market strategies. Commodity analysts and country experts in Washington and around the world provide timely analysis of global trends, which enable policy makers and private exporters to respond promptly to changes in the international market. FAS's unique relationship with U.S. producer groups, known as cooperators, allows U.S. agriculture to nimbly respond to such changes. FAS also works to gain, maintain, and expand access to foreign markets in the face of unfair trade barriers. Removing existing barriers, while ensuring new ones are not introduced, directly helps rural America thrive. U.S. farm exports benefit from a wide range of programs and services administered by FAS. FAS also facilitates development and access to markets through technical assistance and capacity building programs, which promote the development of trade-friendly regulatory systems and infrastructure in emerging markets. The FAS programs that contribute to agricultural exports include the: Market Access Program (MAP), Foreign Market Development (FMD) Program, Technical Assistance for Specialty Crops (TASC) Program, Emerging Markets Program (EMP), Quality Samples Program, and Export Credit Guarantee Program.
- The Budget includes \$54 million in discretionary funding to enhance USDA's efforts to promote the export of U.S. agricultural products. This funding will double the Department's cost-share assistance to agricultural trade associations in support of overseas market development activities, such as technical assistance and market research (\$35 million); increase exporter assistance, in-country market promotions, and trade enforcement activities to remove non-tariff trade barriers, such as unwarranted sanitary and phytosanitary standards placed on U.S. commodities by other countries (\$10 million); and double a grant program to assist U.S. specialty crop producers in overcoming sanitary, phytosanitary, and other technical barriers to trade (\$9 million).

Budget Items that Impact U.S. Foreign Assistance to Africa

State Department and USAID Development and Economic Assistance Funds (Total FY 2011 Request is \$5B)

- **Africa - \$1.2 B**
The State Department and the U.S. Agency for International Development (USAID) use these funds to increase economic growth and promote transformational development in developing countries working in partnership with foreign governments, local private sector and non-governmental organizations, and public-private partnerships. These programs enable foreign partners to implement the often difficult political, economic and other systemic changes that must occur to achieve sustainable development. These programs help a country become more self reliant by sustaining economic and social progress.

Funding for the State Department's Bureau of African Affairs

- The AF request includes **\$12 million** for 37 new positions, 34 of those overseas. Two of the new jobs would be civil service, and one domestic Foreign Service.

Funding for the Millennium Challenge Corporation

- Total FY 2011 Request: **\$1.279B**

The Budget provides funding for new Millennium Challenge Corporation compacts in eligible countries, such as Zambia, to reduce poverty and stimulate economic growth.

Funding for Multilateral Development Banks that Support African Development

- **Contribution to the International Development Association (IDA) - \$1.285B**

The International Development Association (IDA) is a member of the World Bank Group and provides concessional development financing and grants to the world's poorest nations. These countries are primarily in Sub-Saharan Africa and South Asia, but also in Latin America, Eastern Europe, and the former Soviet Union. IDA's primary goal is to help recipient countries achieve sustained economic growth and poverty reduction, and particularly to meet the exceptional development challenges faced by Africa within its broad commitment to support all the world's poor countries. IDA is the single largest source of multilateral lending extended on concessional terms to developing countries. Projects have to meet the same economic, financial, and environmental standards as other World Bank projects. IDA resources for new lending are provided primarily by new donor contributions through 3-year replenishments, and are augmented by earnings, payments of existing loans, and transfers of income from the nonconcessional windows of the World Bank. During 2009, IDA made new commitments of \$14 billion. Since its establishment, IDA has made commitments totaling \$206 billion. The largest regional share of 2009 IDA resources, 56 percent, went to Africa.

- **African Development Fund - \$156M**

The African Development Bank group is composed of 1) the African Development Bank (AFDB), which lends at prevailing rates, and 2) the African Development Fund (AFDF), which provides grants and concessional loans to the poorest African countries. In 2009, the AFDB approved 78 new projects, programs, and equity investments amounting to about \$9 billion. Since its first operations in 1967, AFDB has financed 2,318 projects, programs, and equity investments amounting to about \$47 billion. The AFDF approved \$3.4 billion for 62 new projects and programs in 2009. Since its first operations in 1974, cumulative AFDF financing totals an estimated \$32.5 billion for 1,184 development projects and programs. The 2011 Budget includes \$155.9 million for the third of three installments of the U.S. contribution to the eleventh replenishment of the African Development Fund (AFDF-11), which covers the period from 2009 to 2011. No funds are being requested for the AFDB in 2011.

Funding for Peace Corps (Total FY 2011 Request is \$446M – a \$46M Increase)

- **Africa Region - \$106M (approximately 24% of total)**

The Peace Corps will provide direct and indirect support to Americans serving as Volunteers in approximately 79 countries worldwide in 2011, including the necessary safety and security provisions for Volunteers, trainees, and staff. The 2011 budget increases Volunteer numbers, recruitment efforts and the entry of the Peace Corps into new countries in order to have approximately 9,400 Americans enrolled in the Peace Corps by the end of 2012 and 11,000 by the end of 2016. Peace Corps Volunteers work primarily in the areas of agriculture, business development, education, environment, health and HIV/AIDS, and youth.

Funding for African Development Foundation (ADF)

- **Total FY 2011 Request: \$30M**

The African Development Foundation (ADF), a public corporation, is an independent agency of the U.S. Government, established to support African-designed and African-driven initiatives to address grassroots economic and social problems, alleviate poverty, and promote sustainable development. ADF provides grants of up to \$250,000 directly to community groups, agricultural cooperatives, and small enterprises. These grants help organizations create tangible benefits such as increasing or sustaining the number of jobs in a community, improving income levels, and addressing social development needs. ADF also funds African NGOs in each country to provide technical assistance to improve project outcomes. In 2011, ADF will provide grants to recipients in 20 African countries, directly to small farmer and agricultural cooperatives, other grassroots groups, and small, African-owned enterprises.

Budget Items Pertaining to Administration's New Global Health Initiative

Expansion of the President's Global Health Initiative

- **\$8.5 billion** to expand the President's Global Health Initiative. The President's Budget expands funding to treat and prevent global HIV/AIDS, implement maternal and child health initiatives to reduce the mortality of mothers and children under five, expand efforts to stop malaria, tuberculosis, and neglected tropical diseases, and enhance capacity and long-run sustainability of local health systems.
 - Within this is the Global Health and Child Survival account (**\$3.0B**), which funds health related foreign assistance for the Department of State and the U.S. Agency for International Development. The account represents the majority of funds provided for the President's Global Health Initiative. Funding includes activities that promote family planning/reproductive health, child survival and maternal health, including polio, nutrition activities in coordination with the Food Security Initiative to address such issues as micronutrients and iodine deficiency, as well as activities directed at vulnerable children, and reducing HIV transmission and the impact of the HIV/AIDS pandemic in developing countries. Funding is also requested to address the threat of other infectious diseases of major public health importance such as tuberculosis, malaria, influenza and other pandemic diseases, and neglected tropical diseases, to reduce antimicrobial resistance, and for surveillance.

Miscellaneous Budget Items of Interest

Helping Developing Nations to Adapt to Climate Change and Pursue Low-Carbon Development

- **\$1.4 billion** to help developing nations adapt to climate change and pursue low-carbon development with the assistance of U.S.-built clean energy technologies and increased sequestration of carbon stored in soils, plants, and trees.

UN Organizations (excluding UN World Food Program)

- UN Children's Fund - **\$128M**
- UN Development Fund for Women - **\$6M**
- UN Development Program - **\$75M**
- UN Environment Program - **\$12M**

Asia Foundation

- **\$16M** - \$3M less than FY 2010
The Asia Foundation supports democratic initiatives, economic reform, rule of law, women's programs and closer U.S.-Asian relations by providing grants to institutions in Asia.

Asian Development Bank

- **\$107M** – no previous budget request for the Asian Development Bank
The Asian Development Bank (AsDB) promotes broad-based sustainable economic growth and development, poverty alleviation, and cooperation in the Asia/Pacific region. The AsDB has two main financing windows: 1) the Ordinary Capital Resources window (OCR), and 2) the Asian Development Fund (AsDF) which lends at concessional rates to the region's poorest nations.
 - **\$115M** to Asian Development Fund (FY 2010 request was \$105M)