One Hundred Twelfth Congress
U.S. House of Representatives
Committee on Foreign Affairs

Hon. Paul Ryan, Chairman
Hon. Chris Van Hollen, Ranking Member
Committee on the Budget
U.S. House of Representatives
207 Cannon Hour Office Building
Washington D.C. 20515

Dear Chairman Ryan and Ranking Member Van Hollen:

I am writing to share the views and estimates of the House Committee on Foreign Affairs regarding the President's proposed budget for Fiscal Year 2012. They include views and estimates submitted by the Subcommittee Chairmen and reflect concerns raised by the Majority Members of the Committee. Consistent with the past practice of the Committee, the Minority has prepared separate views and estimates that are also included in this transmittal.

As the massive fiscal challenge facing our country accelerates, producing trillion-dollar annual deficits as far as the eye can see, we need to move beyond the idea of selective freezes in spending to real cuts. These will be difficult and painful, but necessary for our nation's long-term interests. It is not possible to reconcile a continued expansion of funding or continued funding at current levels with the unfortunate fiscal realities facing the United States. Those who complain about potentially diminished levels of International Affairs funding need to ask themselves how much less an <u>insolvent</u> United States of America would be able to do. It is no longer sufficient to ask whether a particular activity is useful. Rather, the correct question is whether a given activity is so important that it justifies borrowing money to pay for it.

No one denies that our nation's foreign policy apparatus continues to face exigent circumstances in several regions of the world. However, the Administration's new bifurcation of the International Affairs budget request into so-called "Enduring" and "Overseas Contingency Operations" components obscures the extent to which the FY2012 International Affairs budget request continues the dramatic and unsustainable funding increases of recent years. Although the Administration has created confusion by citing different, smaller funding subsets in different contexts, the cumulative total for the FY 2012 International Affairs budget request is approximately $61.4 billion[1], representing a 13% increase over FY 2010 actual levels -- the last

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[1] This figure is the OMB estimate for discretionary International Affairs budget authority in FY12, and also can be derived by adding the "State Operations & Foreign Assistance Request" and the "International Affairs Overseas Contingency Operations" amounts from pages 9 and 13 of the Department's FY12 Executive Budget Summary.

year subject to regular appropriations.[2] Compared to FY 2008 levels ($43.2 billion[3]), it represents a 42% increase. The FY 2012 International Affairs budget request is nearly two-and-a-half times larger than the FY 2002 levels ($25.2 billion[4]) of a decade ago.

In evaluating the FY2012 budget, the Majority also identified an endemic problem: misplaced priorities. The Administration is proposing dramatic increases in global health and climate change programs while cutting key programs, such as the Trans-Sahara Counterterrorism Partnership and the Partnership for Regional East Africa Counterterrorism—at a time when al- Qaeda affiliates in Africa set their sights on American targets, and American citizens are being captured and killed by Somali pirates

As reflected in this letter, the annual submission of views and estimates by the House Committee on Foreign Affairs affords an important opportunity to provide comments and insights on key policy issues that also have a role in the consideration of the annual budget request.

State Department

State Department operations funding

Recent increases in funding for State Department operations are demonstrated to have been even more significant when one focuses on the State Programs sub-account, which funds the State Department's own salaries and operations. According to the Department's numbers, the $12 billion request for Fiscal Year 2012 is a 25% increase over FY 2010 actual levels ($9.59 billion), and a nearly 75% increase since FY 2008 ($6.88 billion). Under the FY 2012 budget request, the overall "Administration of Foreign Affairs" account would grow by more than 64% just since FY 2008 (from $9 billion to $14.7 billion).

Foreign Service Overseas Pay Raise.

The "Diplomatic and Consular Affairs" portion of the Fiscal Year 2012 budget request contains funding for a more-than-16.5% base pay raise for overseas Foreign Service Officers, which would phase in, when they move overseas, about two-thirds of the 24+% locality pay premium that they receive when stationed in the District of Columbia in the U.S.. However, when they move overseas, FSOs already receive cost-of-living adjustments, free housing, free private education for their children, and danger and hardship raises worth up to 70% of their base pay. The Department of State has never demonstrated that this new raise is necessary for hiring and retention, and, in fact, Foreign Service hiring remains an extremely competitive process, with approximately 25,000 applicants for the few hundred slots that open up every year.

During recent consideration of the Fiscal Year 2011 Continuing Resolution (H.R. 1), the House adopted an amendment to prohibit this raise, which has never been properly authorized and

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[2] Per State Department practice, this calculation of FY10 actual levels does not include $2.3 billion in one-time "Non-War Supplemental" funding (such as the Haiti earthquake response) in the International Affairs FY10 Actual funding total. If that amount were included in the FY10 number, FY12 increase would be approximately 8%.

[3] Source: OMB Historical Tables, Budget Authority for Discretionary Programs/International Affairs.

[4] *Id.*

which has also been targeted as an illustrative source of savings by the President's bipartisan National Commission on Fiscal Responsibility. Although we have so far been unable to obtain a detailed, annualized cost estimate from the State Department, the Director General of the Foreign Service estimated in September 2009 that implementing the full DC locality pay raise over two years for those stationed overseas would cost "approximately $440 million."

Assistance to Lebanon

U.S. economic and humanitarian assistance to Lebanon has steadily increased, even as the influence over the Lebanese government of Hezbollah, both a Foreign Terrorist Organization and an Iranian and Syrian proxy, has steadily increased. Given the recent *de facto* takeover of the Lebanese government by a government antithetical to U.S. policy objectives, continuing assistance to Lebanon would only enhance the ability of a Hezbollah-controlled Lebanese government to spend more of its own funds on activities that undermine Lebanese sovereignty, harm the Lebanese people, and threaten U.S. interests and allies.

U.S. security assistance to the Lebanese Armed Forces (LAF) and Internal Security Forces (ISF) has been predicated on the existence of a Lebanese government that was not aligned with Hezbollah and that would fulfill its obligations under UN Security Council Resolutions 1559 and 1701.

U.S. security assistance to the LAF and the ISF has not resulted in those forces' disarming of Hezbollah or in the prevention and reduction of smuggling of conventional weapons from Iran and Syria to Hezbollah across Lebanon's border with Syria. Concerns also remain regarding the extent of Hezbollah's infiltration of and coordination with the LAF in particular. Given Hezbollah's de facto takeover of the Lebanese government, additional security assistance to Lebanon could be compromised and directly or indirectly benefit Hezbollah, undermining Lebanese sovereignty, harming the Lebanese people, and threatening U.S. interests and allies.

Ending Economic Support Fund (ESF), Foreign Military Financing (FMF) and International Narcotics, Criminal and Law Enforcement (INCLE) assistance to Lebanon would result in savings of $225 million, as compared to the Fiscal Year 2012 budget request.

Assistance to the West Bank and Gaza

Despite the provision by the U.S. since Fiscal Year 2007 of over $2 billion in Economic Support Fund (ESF) assistance to the Palestinian Authority (PA) -- including hundreds of millions of dollars in direct cash transfers to the PA -- the Palestinian leadership continues to fail to meet its international obligations, including: a halt to anti-Israel and anti-American incitement; the unequivocal rejection of and a crackdown on violent extremism; direct negotiations with Israel; or recognizing Israel's right to exist as a democratic, Jewish state.

During the past year, the Palestinian leadership has repeatedly rejected and evaded efforts to resume direct negotiations; stepped up its campaign to demonize and de-legitimize Israel worldwide and in international forums, and sought to bypass negotiations by seeking unilateral recognition of a Palestinian state from foreign governments and in international forums. Despite some U.S. pressure to stop these counter-productive activities—including direct intervention from the President—the PA has not modified its approach and has recently indicated that it may seek to again form a coalition government in partnership with Hamas, a Foreign Terrorist Organization and an Iranian and Syrian proxy.

Suspending Economic Support Fund assistance to the West Bank and Gaza would result in savings of $400.4 million, as compared to the FY 2012 budget request.

Asia Foundation

The request of almost $15 million in Fiscal Year 2012 for the Asia Foundation should be eliminated, as the Foundation's programs are supplemental and redundant. Numerous other organizations that now receive U.S. Government funding operate in Asia with very similar mission statements aimed at improving governance, civil society, and economic development. The National Endowment for Democracy and its constituent components, such as IRI and NDI, operate in over a dozen Asian countries plus Hong Kong and Tibet. AID is also well-established in the region and has programs in the same functional areas as that of the Asia Foundation. Other taxpayer-supported groups, such as the East-West Institute, also have overlapping mission statements with the Asia Foundation

U.S. Institute for Peace

During consideration of H.R. 1, the House supported an amendment to eliminate funding for the U.S. Institute for Peace (USIP), a think tank that is staffed by 325 employees and that enjoys large private donations and funding from other USG departments and agencies (an additional $17 million in contributions from the Departments of Defense and State alone in 2010).

The FY2012 budget request contains nearly $43 million for USIP, up from $25 million in FY 2008. According to a breakdown of the similar FY2011 budget request, by far the biggest portion ($11.7 million) would be for "facilities management requirements, including operation and maintenance, security and rehabilitation planning." At a time when expenditures must be reduced, USG funding for USIP should be ended.

East-West Center

During consideration of H.R. 1, the House backed an amendment to eliminate funding for this U.S. Government-funded think tank, which is focused on Asia. The East-West Center enjoys the support of other sources of revenue, and Congress has also gone above and beyond the budget requests in supporting this institution throughout recent years. (Over Fiscal Years 2006 through 2010, Congress has exceeded the total of the George W. Bush and Obama Administrations' requests for the East-West Center by a total of nearly $45 million.)

Agency for International Development

Total AID Funding
Funding for the Agency for International Development has grown considerably in recent years, increasing from $3.3 Billion in FY 2001 to $5.1 Billion in Fiscal Year 2008 to $8 Billion in FY 2010, an increase of 57% in the last two years alone.

Reducing funding from the FY 2010 level to the FY 2008 level would provide a spending reduction of $2.9 Billion.

AID and AID-Contractor Personnel Levels
We should consider freezing the total of direct-hire personnel now employed by AID.

Information provided by the Congressional Research Service denotes that, under the Development Leadership Initiative, the total number of Foreign Service Officers (FSOs) at AID has grown from 992 in FY 2001 to 1,299 in FY 2008 and 1,811 in FY 2010—an increase of 39% just between FY 2008 and FY 2010. Overall, AID's total, direct-hire staffing (including such FSOs) has grown from 7,057 in FY 2008 to 8,610 in FY 2010—an increase of 22% in that two-year period. Moreover, despite that growth in direct-hire personnel, as the Government Accountability Office (GAO) has noted, AID's workforce plan still does not include a comprehensive analysis of the agency's gaps in critical skills and competencies or the specific actions the agency intends to take to address such gaps. According to GAO, until AID improves its workforce planning, it will remain at risk of not deploying the workforce it needs. *("Foreign Operations: Key Issues for Congressional Oversight", GAO Testimony, March 3, 2011)*

Finally, while an estimate is apparently not available for the total number of staff hired by for-profit and non-profit contractors that are implementing AID programs around the world, the estimation of the size of that non-direct-hire workforce and efforts to freeze or reduce its growth as well would be important at this time of serious fiscal challenge.

Salaries and Benefits for Personnel of Non-Profit AID Contractors

Disturbing reports have surfaced of individuals creating non-profit entities for purposes of contracting with AID and subsequently arranging huge salary and benefits packages for themselves and even for members of their families.

Such abuse of the special status afforded to non-profit organizations in our procurement system must be addressed. Changes in law to require clear reporting on such salary and benefits compensation, to end current abuses and place limits on such compensation levels in future would save taxpayer monies that could be applied to actual programs that assist those in need overseas.

AID's Development Assistance Account and Its Development Credit Assistance Program

AID's Development Credit Authority (DCA), as AID itself has acknowledged, has a proven track record of significantly leveraging private financing in support of development aid to impoverished countries – in recent years, mobilizing over $1.8 Billion in local, private financing at a budget cost to the U.S. Government of less than $70 *Million.*

The President's budget request for FY 2012, however, demonstrates no interest in expanding the use of this proven program, asking for total funding of only $8.3 *Million*, a slight, but actual *decrease* from the DCA funding level of $8.6 *Million* in FY 2010. In fact, funding for the DCA program over the past decade has averaged only about $8 *Million* annually, with minuscule increases, while AID has requested and received huge increases in the Development Assistance account—going from $1 Billion in FY 2001 to $1.6 Billion in FY 2008 and $2.5 Billion in FY 2010.

A decrease in AID's Development Assistance account balanced by a lesser increase in funding for the DCA account, could result in equivalent development outcomes, but at far less cost to the taxpayer.

Development Assistance for Countries that Have Large Foreign Aid Programs of Their Own

Some of those countries that receive United States assistance by means of bilateral programs or multilateral organizations are now experiencing significant economic growth and are funding major foreign aid and investment programs of their own. Countries such as the People's Republic of China (PRC), India, Brazil and South Africa may have pressing needs, but those needs do not support the continued provision of U.S. assistance to those countries while they, in turn, use their resources to provide foreign aid to others.

For example:

- It is questionable to provide the PRC, a country run by a communist dictatorship, which gives its citizens almost no personal liberties, any assistance, either directly or through multilateral banks and agencies. The PRC owns approximately one trillion dollars of our national debt and has engaged in its own aid programs with other countries. Given the need for spending freezes, any U.S. assistance to the PRC should be eliminated, with the exception of programs aimed specifically to assist the Tibetan people or democracy activists within the PRC.

- In another example, U.S. development assistance for South Africa, which recently joined the ranks of the largest high-growth economies in the world (along with Brazil, Russia, India, and the PRC), has increased from $9.25 million in Fiscal Year 2008 to $29.84 in the Fiscal Year 2012 request (an increase of 223%).

  A portion of that funding is to go to a "Trilateral Assistance Program," by which the U.S. provides up to $2 million annually to South Africa so that South Africa can turn around and provide foreign assistance to other countries. It is unclear how this program advances U.S. interests. Eliminating development assistance for South Africa would result in potential savings of up to $29.8 million, when compared to the FY 2012 budget request.

Funding for Global Environmental Programs

The Fiscal Year 2012 budget request proposes major and unjustified funding increases for a range of international programs related to the environment, including the Clean Technology Fund, the Strategic Climate Fund, and the Global Environment Facility. All are vaguely defined, have no clear mechanisms for determining success, and have virtually no track record. Yet the proposed FY 2012 budget contains significant increases for all three (over the levels as provided in the House-passed, long-term, FY 2011): from $300 million to $400 million, or 33%, for the Clean Technology Fund; from $75 million to $190 million, or more than 150%, for the Strategic Climate Fund; and from $86.5 million to $143 million, or 66%, for the Global Environment Facility. The total proposed increase for these three open-ended programs is $272.25 million.

In the context of such program funding requests, it is startling to see $452 million of the $2.9 billion requested for AID Development Assistance in FY 2012 earmarked for "Global Climate Change" programs, while "Governing Justly and Democratically" ranks second-to-last on the list of priorities, despite the historic events transpiring across the Middle East and North Africa. The spending priorities included in the FY 2012 budget request are therefore out of synch with U.S. national security interests. A reduction by half of such global environmental programs should be accompanied by a reallocation of a large portion of the remaining funding to democracy and governance programs -- for a savings of $226 million.

SEED and FSA Assistance Accounts for East Europe and the Former Soviet States

The Support for East European Democracy Act (SEED) was enacted in 1989 to provide assistance to the former communist countries of East Europe and the Baltic States. The FREEDOM Support Act (FSA) was subsequently enacted in 1992 to provide assistance to the newly-independent, formerly communist states created by the break-up of the Soviet Union. The underlying U.S. objectives represented by those two laws' creation of special coordinators' offices at the State Department to oversee the implementation of the two separate assistance accounts were to: (a) help produce democratic reforms and (b) economic reforms that would lead to the kind of sustained growth that would end the need for further U.S. aid. Neither Act envisioned a long-term continuation of assistance under the aegis of a separate office and separate assistance account.

Many of the East European countries have already successfully implemented reforms and "graduated" from U.S. assistance -- and are now, in fact, members of NATO and the European Union. U.S. assistance continues for some of the states of the Balkans, but it is increasingly clear that aid for those countries should and will come from the European Union in the coming years, as U.S. aid is rapidly phased out.

With regard to the states of the former Soviet Union, the progress of democratic reforms remains hopeful in some of those countries, although it is obviously challenged in many others. Nevertheless, it may be time to move the responsibility for such democracy assistance to other parts of the State Department, which use specifically-targeted accounts to fund U.S. democracy promotion programs around the world.

The SEED and FSA assistance accounts were not originally envisioned to be long-term assistance vehicles, but were intended to work toward "graduating" countries from U.S. assistance and end aid operations, much as U.S.-funded Enterprise Funds have conducted and then phased out their specific assistance operations in countries throughout East Europe and the former Soviet Union.

It may well be reasonable at this time to phase out the operations and accounts authorized under SEED and FSA, reduce appropriations for assistance to some of the countries of the region, and continue U.S. assistance, where appropriate, through the MCC and existing aid accounts for democracy promotion, development, nonproliferation and so on.

U.S.-Funded Enterprise Funds Upon the Termination of Their Operations

The enterprise fund concept has proven to be a useful tool for development in some of the countries in which it has been utilized, such as Poland, Bulgaria and Russia. Once these U.S. Government-funded entities end business operations, they usually have had significant assets available for return to the U.S. Treasury. While there has been a general practice to return to the Treasury 50% of the original USG grant, that practice has not been mandated in law and there have in fact been questionable uses of the balance of the monies derived from former enterprise funds, in one case involving multi-million-dollar payouts to the management of a fund.

A legal requirement that all such U.S.-funded enterprise funds (and similar funds created at the expense of the USG) return to the U.S. Treasury for purposes of debt reduction at least 50% of the total, final value of their assets upon the end of their operations, rather than just 50% of the original USG grant, would likely provide several hundred million dollars that could be applied to the debt.

Non-security, non-humanitarian assistance to Bolivia

The proposed cuts already included in the Fiscal Year 2012 budget request for Bolivia (a more than $39.8 million decrease from the FY 2010 enacted levels) are an important acknowledgement of the lack of value and effectiveness of U.S. assistance to that country at this time. Following the expulsion from Bolivia of our U.S. Ambassador and DEA personnel and the end of democracy and governance programs there in 2009, our governments have been unable to reach consensus on a Framework Agreement, despite ongoing high-level efforts for more than a year.

The proposed FY 2012 funding cuts are a good start but more needs to be done. All non-security, non-humanitarian assistance to Bolivia should be suspended until marked differences are seen in the level of commitment by the Government of Bolivia in sharing our democratic and security objectives.

The Peace Corps

Funding

The Fiscal Year 2012 budget request for the Peace Corps is nearly $440 million, $40 million over the FY 2010 level of funding and $109 million over FY 2008 level. This year marks the 50th anniversary of the Peace Corps. Despite the passage of fifty years of operations, the Peace Corps still lacks benchmarks for graduating countries and lacks a strategic plan for placing volunteers in countries based on their important to U.S. foreign policy interests. The Peace Corps also continues to operate in countries, such as Ghana, in which significant development strides have been made over the past half-century and which receive major amounts of assistance from other U.S. aid agencies. (For instance, in 2006, the U.S. and Ghana signed a five-year $547 million compact with the Millennium Challenge Corporation.)

International Organizations and Multilateral Development Banks

U.S. assessed and voluntary contributions to a number of international organizations, programs, and activities have increased substantially in recent years. The Fiscal Year 2012 request for *Contributions to International Organizations* is $1.619 billion, a 15% increase from FY 2008, and the request for *International Organizations and Programs is* $348.7 million, a 12.5% increase from FY 2008.

Unconditional payment of U.S. contributions has not produced the real and sweeping reforms that the UN and other international organizations badly need in order to achieve their founding goals and to be an effective vehicle for advancing U.S. interests. Therefore, contributions should be reduced to FY 2008 levels.

Reducing Funding Support for the Organization of American States

The Organization of American States (OAS) continues to fall short of its obligations and founding principles under the Inter-American Democratic Charter. Yet, our assessed commitment continues to increase year after year, from $45.7 million in Fiscal Year 2008 to $49.6 million under the FY2012 budget request. Even as the largest contributor to the general budget, the U.S. remains unable to effectively leverage our assistance to the OAS to advance our foreign policy and security objectives in the region. Only after the OAS has undertaken meaningful reform will the U.S. begin to see a return on our investments in that regional body. In order to incentivize such change, the U.S. should immediately move to reduce its payments on assessed contributions and better prioritize voluntary contributions to the OAS.

Recommendations regarding certain UN Entities

- **Require Proper Coordination Among International Development Aid Agencies**
  It is increasingly apparent that aid agencies administered by the United Nations are not properly coordinating with each other or overseeing their programs, resulting in duplication of effort, higher administrative costs and, most likely, less effective programs. It is also likely that programs administered by the multilateral development

banks may duplicate UN development aid agencies' efforts at times as well. Limits should be placed on USG funding provided to all such international development aid agencies until the U.S. is persuaded that proper coordination of programs and elimination of duplication of effort has been instituted by the UN and other international aid organizations.

- **United Nations Development Program**
  The UN Development Program (UNDP) has been accused of mismanagement, non-transparent practices and/or diversion of funds in programs from Afghanistan to Burma to North Korea to Zimbabwe. UNDP has also been accused of retaliating against whistleblowers who spotlighted such mismanagement. After leaving North Korea several years ago due to scandalous revelations about their operations there, UNDP has now resumed its programming there, and hires staff from lists of persons handpicked by Kim Jong Il's dictatorship. Prohibiting Function 150 funding from being used as a contribution for UNDP—and revising overall assistance to IO&P accordingly—would result in savings of savings of $75.3 million below the FY 2012 request.

- **United Nations Population Fund**

  The Administration is requesting $47.5 million for the United Nations Population Fund (UNFPA), electing to fund UNFPA despite its ongoing support for and participation in the management of China's brutal birth limitation policy. The Chinese government's practices of forced abortion and coerced sterilizations clearly violate international human rights standards and it has been demonstrated that UNFPA provides assistance to the very Chinese government agency that implements these human rights violations. The U.S. should return to its past practice, consistent with the Kemp-Kasten Amendment, prohibiting funding to UNFPA until it ceases its direct or indirect involvement in coercive population control activities. Such a prohibition—in conjunction with a corresponding reduction to overall funding for IO&P—would result in savings of $47.5 million below the FY 2012 request.

- **International Panel on Climate Change, the United Nations Framework Convention on Climate Change and the United Nations Environment Program**

  Reports over alleged manipulation of data by scientists on the_the International Panel on Climate Change have delegitimized the UN's already dubious environment-and climate-related activities. There are better uses for U.S. taxpayer dollars. Zeroing-out Function 150 funding to these programs—in conjunction with a corresponding reduction to overall funding for IO&P—would result in savings of $21.2 million below the FY 2012 request.

International Atomic Energy Agency

The Fiscal Year 2012 budget request proposes further increasing the U.S. voluntary contribution to the International Atomic Energy Agency (IAEA) from the President's requested $79.5 million in Fiscal Year 2011 to $85.9 million requested for FY 2012. Unfortunately, part of the money will be used to support the IAEA's Technical Cooperation Fund, to which the U.S. contributed $21 million in 2010.

A 2009 report by the Government Accountability Office found that the TCF has provided millions of dollars in assistance to the nuclear programs of Iran, Syria, Cuba, and Sudan, which are state sponsors of terrorism.

Instead of an unconditional increase in funding, the U.S. voluntary contribution to the IAEA should be reduced by an amount proportional to what the IAEA's TCF provides to Iran, Syria, Cuba, and Sudan, until reforms are implemented to prevent the TCF from providing nuclear assistance to state sponsors of terrorism.

Comprehensive Nuclear Test Ban Treaty Organization

The Fiscal Year 2012 budget request includes a $33 million contribution to the Comprehensive Nuclear Test Ban Treaty Organization (CTBTO) and its "International Monitoring System," an amount slightly above, but largely consistent with previous contributions. However, the budget request includes a separate, $7.5 million request (in addition to the $33 million) for "special contributions," bringing the total CTBTO request to over $40 million.

With little or no explanation, the Administration is ramping up funding for a treaty the U.S. is not party to. As such, no funding should be provided for this purpose in the FY2012 budget.

Policy Issues

Iraq and Afghanistan

In this year's budget presentation, State and USAID have for the first time bifurcated the prior International Affairs accounts into "Core Budget/Enduring Programs" and "Overseas Contingency Operations (OCO)" components. The OCO component is intended to segregate what State terms "extraordinary funding requirements in Iraq, Afghanistan, and Pakistan" from the "core budget [that] funds the Department of State/USAID national security and foreign policy mission worldwide." The budget request requests $8.7 billion in International Affairs funding that has now been designated as OCO funding. While we do not propose to object to the requested level of funds at this time in order to expedite their use in support of our national security objectives, concerns remain regarding the appropriate use of these resources. Of paramount concerns are the widespread difficulties that the State Department has reportedly faced in aligning its workforce and programs to manage the upcoming transition to a civilian-led presence in Iraq—a presence that is slated to more than double in size from nearly 8,000 civilian personnel to about 17,000. This includes the police training program, which will be the largest and most comprehensive program ever carried out by the State Department. Accordingly, the Committee will continue to review the strategy, implementation and effectiveness of the INL police training program; the satellite site component, contracting component, rotary and fixed-wing component core competency requirements and personnel standards for contract personnel; and provide policy recommendations and additional observations on program administration. In Afghanistan, the Committee remains concerned regarding the endemic nature of corruption in Afghanistan, from the national to local levels, the effectiveness of United States anti-corruption strategy in Afghanistan; and aid agencies' program administration and internal controls to guard against the direct or indirect use of programs for corrupt purposes. Concerns also remain that U.S. assistance is not prioritized to maximize benefits in a cost-effective manner. Funding composition and levels should be based on the extent to which State and USAID have effectively addressed these and other concerns.

Pakistan

Prominent in the minds of many on the Committee is safety of our men and women serving with such distinction in Afghanistan and the transition of that country to a more stable and democratic future. In this regard, our challenging relationship with Pakistan is crucial to mission success. Here Pakistan must do more to meet pressing United States concerns, including the release of our detained American diplomat and shifting its approach to Afghanistan – away from armed proxies and toward constructive and legitimate political partners. Oversight of our strategies, policies and programs throughout Afghanistan and Pakistan – particularly to ensure that corruption, mismanagement, and waste do not jeopardize our mission – will be a focus of the Committee in this Congress. In this context, we support the request for robust and accountable assistance programs to frontline states like Pakistan where the United States has crucial national interests at stake.

Israel

U.S. security assistance to the democratic, Jewish State of Israel serves as a force multiplier in advancing U.S. security interests in the Middle East, a volatile region in which Israel serves as a unique source of stability. The U.S. and Israel also enjoy mutually-beneficial defense, homeland security, and scientific cooperation. Israel also continues to face growing threats from Iran, Syria, and their violent extremist proxies, such as Hezbollah and Hamas. We therefore recommend fully funding security assistance to Israel, in accordance with the 2007 U.S.-Israel Memorandum of Understanding.

Egypt

In the past, U.S. provision of ESF for Egypt has not incentivized the previous Egyptian government to implement meaningful political and economic reforms or to stop cracking down on democratic dissidents and human rights activists. The previous Egyptian government also failed to protect the religious freedom of its citizens, and Egyptian Coptic Christians in particular have continued to be targeted for violent attacks. The U.S. needs to help facilitate a post-Mubarak transition in order to avert further violence, ensure stability and security, and guard against the exploitation of the transition process by extremist elements seeking to directly or indirectly undermine Egypt's evolution into a democratic republic. However, significant concerns remain regarding the use of present and future U.S. funding, including that malign actors, such as the Muslim Brotherhood and its affiliates, must not directly or indirectly receive U.S. assistance or training. Further, it is unclear at best whether the State Department and USAID have specific contingencies currently in place in the event that U.S. assistance to Egypt must again be shifted and reallocated unexpectedly. Concerns also remain that U.S. assistance is not prioritized to maximize benefits, particularly with respect to promotion of democracy and human rights. ESF spending levels for Egypt should be based on the extent to which State and USAID have effectively addressed these concerns.

In the past, U.S. provision of security assistance for Egypt has had moderate success in incentivizing military cooperation with Egypt on issues of great importance to U.S. interests and allies, but has not incentivized the previous Egyptian government to implement meaningful political and economic reforms or to stop cracking down on democratic dissidents and human rights activists. Security assistance to Egypt should continue to the extent that: the Egyptian military continues to be a force for stability and security; the government that emerges in the near future is democratic and accountable, upholds the human rights and freedoms of its citizens, and meets Egypt's international obligations, including its long-standing peace treaty with Israel; and the State Department and USAID develop specific contingencies in place in the event that the aforementioned provisions are not realized.

Yemen

Yemen remains at the center of United States regional counterterrorism efforts. The situation in Yemen remains tenuous, as there are few good options. The Saleh government must undertake comprehensive political and institutional reform as a means to ensure the long-term viability of, and promote internal stability in Yemen, which it has, hitherto, refused. The United States has an enduring interest in maintaining a government that will confront al-Qaeda and address its separatist movements in a constructive manner. Thus, the Congress should view these protests as an opportunity to encourage the Saleh government toward political and economic reforms, which could in turn bolster the state's legitimacy, capacity, and efficacy—including pressing for more government transparency to address corruption and ensure that the political process is as inclusive as possible. We also continue to have longstanding concerns regarding the near, medium and long-term strategy, objectives and metrics that the Administration employs to prioritize and measure the effectiveness of security assistance to the Yemeni security forces. This includes whether our security assistance programs have been effective in the long-term and end-use monitoring and post-shipment verification in the near term. Concerns also remain that U.S. assistance is not prioritized to maximize benefits, particularly with respect to promotion of democracy and human rights. Spending levels for Yemen should be based on the extent to which the Administration has effectively addressed these concerns.

Haiti

The Fiscal Year 20Y12 budget request includes more than $400 million for Haiti, nearly 20% of the entire Western Hemisphere request. With presidential elections scheduled for March 20, 2011, it is important to keep in mind however that a peaceful and responsible transition of power will be essential to the continuation of such a significant U.S. commitment. Further, it will be imperative that the next leader of Haiti demonstrate a commitment to democratic values and regional security in order for U.S. assistance to be effective and sustainable.

Sudan

The Administration is requesting $484.4 million of designated funding for Sudan. An atmosphere of euphoria and optimism exists in southern Sudan following the January 2011 independence referendum, and the population's expectations are high that prosperity for the people of the new South Sudan will materialize soon. There are valid grounds to fear that these expectations are exaggerated under the circumstances, and could quickly turn to disappointment, disillusionment and anger towards the South Sudanese government, thereby threatening the peace and stability of the fledgling country. It is imperative that U.S. assistance to South Sudan be expended in a manner that quickly brings tangible and meaningful improvements to the lives of the South Sudanese people. This implies, however, that strict and effective transparency and accountability measures must be employed to ensure that the money reaches its intended beneficiaries for its intended purposes.

North Korea

Administration witnesses revealed in testimony at a recent Senate Foreign Relations Committee hearing that consideration is being given to positively responding to a new North Korean request for 300,000 tons in food assistance. While this food assistance can be provided reportedly under the Bill Emerson Humanitarian Trust, a food reserve f or Public Law (P.L. 480) administered by the Secretary of Agriculture with no additional Congressional authorization, such assistance should be premised on a full accounting of the twenty thousand tons of U.S. food assistance that disappeared in North Korea in 2009 and only if guarantees can be given that the assistance will not be diverted for the 2012 celebrations of the 100th anniversary of the birth of Kim Il Sung. Any additional consideration by the Administration of funding for heavy fuel oil (HFO) or construction of light water reactors (LWR) as a portion of future negotiations should be "frozen" as the current level of zero.

Burma

Recent reports indicate that our Charge d'affaires in Burma was consulting with military-backed authorities about the provision of economic assistance inside Burma, beyond post-cyclone disaster relief, as part of an engagement policy. Given the concern over diversion of such funding by and to the military junta, such funding provisions should be frozen at the current level of zero.

The Socialist Republic of Vietnam

Why, in a time of budget restraint, should we provide this communist country with over $95 million in aid, including funds for "military education and training"?

The Trans-Sahara Counterterrorism Partnership

It comes as a surprise to see that the Fiscal Year 2012 budget request for development assistance to our partners in the important Trans-Sahara Counterterrorism Partnership (TSCTP) has been drastically cut. The FY 2012 budget request for assistance through the Economic Support Fund account to our partners under the Trans-Sahara Counterterrorism Partnership would also be a reduction from $6 million in Fiscal Year 2010 to $1.5 million in FY 2012. In addition, ESF assistance for Mali would be eliminated and ESF assistance for Tunisia, where the Ben Ali regime has been removed after 32 years of despotic rule, has also been eliminated.

Family Planning and Reproductive Health

The Administration's request for funding for international family planning and reproductive health activities totaling approximately $769 million, combined with the January 23rd, 2009 Presidential Memorandum rescinding the "Mexico City Policy," raises serious concerns that U.S. Family Planning and Reproductive Health funds may now flow to foreign non-governmental organizations that promote and perform abortion as a method of family planning. Our concerns are further heightened by the administration's Global Health Initiative which integrates family planning programming with a wide range of global health programs, thereby expanding funding opportunities for abortion organizations. We oppose the administration's agenda of abortion exportation and at a minimum call for reinstatement of the Mexico City Policy protections that prevent funding for foreign NGOs that promote and perform abortion.

Conclusion

In conclusion, the views and estimates outlined here reflect a desire to maximize returns on U.S. investments by seeking to eliminate duplication and redundancy; by seeking reform and accountability; and by establishing clear priorities for the allocation of funds. The Committee on Foreign Affairs hopes you find these views helpful to your deliberation on the budget.

Sincerely,

Ileana Ros-Lehtinen

ILEANA ROS-LEHTINEN
Chairman

One Hundred Twelfth Congress
U.S. House of Representatives
Committee on Foreign Affairs

March 17, 2011

The Honorable Paul Ryan, Chairman
The Honorable Chris Van Hollen, Ranking Member
Committee on the Budget
U.S. House of Representatives
207 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Ryan and Ranking Member Van Hollen:

We are writing to share the views of the Minority on the House Foreign Affairs Committee regarding the President's proposed budget for Fiscal Year 2012.

Recognizing the difficult economic situation now facing our country, we believe that no area of the federal budget – including the International Affairs Budget, or Function 150 -- should be exempt from thorough scrutiny.

However, we are concerned that many of the calls for cuts in international spending are based on the belief that the United States spends far more than it actually does. Annual polls by the University of Maryland show that Americans vastly overestimate the percentage of the federal budget allocated to foreign aid, with a median estimate of 25 percent. When asked how much they think would be an appropriate percentage, the median response is 10 percent – a response that has remained unchanged for the past fifteen years. In reality, of course, foreign assistance accounts for about 1 percent of the federal budget.

Nor would cuts in the 150 budget help to create new jobs at home. In fact, the reverse is true. Since more than one in every five U.S. jobs is linked to exports and imports of goods and services, we must support the work of our export agencies in advocating for U.S. commercial interests overseas and creating new and stable markets for U.S. exports. As the U.S. Chamber of Congress wrote to House Members during consideration of H.R. 1, approximately half of all U.S. exports go to developing countries, and our contributions to international financial institutions play a vital role in helping developing countries become reliable trading partners.

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A recent report by the Government Accountability Office (GAO) entitled *Opportunities to Reduce Potential Duplication in Government Programs* (GAO-11-318SP) did not identify any such programs in the Department of the State. The only mention of USAID in effect called for more spending, not less, to build a data base in Afghanistan that would incorporate projects of the Department of Defense. Nor has the GAO identified any programs in the 150 Account as "high risk" in its *High Risk Series* (GAO-11-278).

We strongly support President Obama's decision to consider Function 150 as part of the national security budget, in recognition of overwhelming evidence that defense, diplomacy and development must go hand in hand. Whether in Iraq and Afghanistan, where U.S. troops have been engaged in combat operations, or Haiti and Sudan, where complex humanitarian emergencies threatened to deteriorate into large-scale violence, USAID's operations are every bit as important as the U.S. military's to protecting the health and safety of American citizens.

The FY 2012 request for the first time includes Department of State and USAID operations as part of the Overseas Contingency Operations (OCO) budget, which funds our activities in Iraq, Afghanistan and Pakistan. This change was made to reflect the importance to U.S. national security of a military-to-civilian transition in Iraq, and the fact that, as Secretary Gates recently said, "without development we will not be able to be successful in either Iraq or Afghanistan." While the State Department portion of the OCO budget represents less than a $4 billion increase over prior year levels, the total cost to the American taxpayer will drop dramatically, as the transition will allow savings of $45 billion from the Pentagon budget.

Our uniformed commanders recognize that defense, development, and diplomacy are the essential triad of our national security in the 21st century. To quote General James N. Mattis, USMC, Commander, U.S. Central Command: "Diplomacy and development are just as vital as defense in securing our national interests." As he also explained to the House Armed Services Committee, "economic development reduces the need for U.S. forces and underpins long-term transition activities and is fundamental to a sound counterinsurgency campaign."

The State Department/USAID core budget request of $47 billion represents a 1 percent increase over the comparable FY 2010 levels. The portion of that request for foreign assistance - $32.9 billion – limits growth to 0.5 percent over 2010 levels while making hard decisions about program funding in many critical areas. For example, the President's budget cuts $115 million (15%) in assistance for Europe, Eurasia, and Central Asia, eliminates six bilateral country programs ($4.5 million), cuts foreign military financing (FMF) to 16 countries by 50 percent or more ($39.5 million), and decreases development assistance to over 20 countries (saving $144 million).

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The President's FY 2012 International Affairs budget request reflects tough choices and significant savings in a difficult economic climate. In a world characterized by great turmoil and uncertainty, the budget request represents the resources needed to protect Americans and American national security interests around the globe. We urge support for the President's FY 2012 budget request for the Department of State, USAID and related agencies.

Sincerely,

HOWARD L. BERMAN

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ALLYSON Y. SCHWARTZ

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