February 1, 2010

On behalf of President Obama, it is my pleasure to submit the Congressional Budget Justifications for the Department of State and the U.S. Agency for International Development (USAID) for Fiscal Year 2011.

This budget represents more than financial allocations. It represents new priorities, new approaches, and a renewed commitment to use the resources of the State Department and USAID smartly and strategically to get the best possible results for the American people.

Our work is ambitious. Our times demand nothing less. We are working with partners around the world to bring stability to volatile regions, reverse the spread of violent extremism, stabilize the global economy, decrease extreme poverty, demolish transnational criminal networks, fulfill President Obama’s vision of a world without nuclear weapons, stop health pandemics, and address the threat of climate change.

These are serious challenges. They also represent opportunities for the United States to provide critical leadership, strengthen existing partnerships, forge new ones, and advance stability, prosperity, and opportunity for more of the world’s people—and, in doing so, to protect our own security, promote our interests, and lay the foundation for a more peaceful and prosperous future.

We at the State Department and USAID are ready and eager to take the lead in carrying out the President’s foreign policy agenda. Indeed, our work has already begun. In the year since I was sworn in as Secretary of State, our agencies have significantly increased our efforts in Iraq, Afghanistan and Pakistan; launched strategic initiatives to address food security, global health, and climate change and to promote global engagement; and begun a full-scale review of how we do business as we rebuild our workforces, both at State and USAID. We are committed to ensuring that we spend our resources wisely, make the most of our people’s talent, and maximize the impact of every dollar we spend. This budget reflects that commitment.
Our request

We are seeking funding in the amount of $52.8 billion, which breaks down to $16.4 billion for State operations and $36.4 billion for foreign assistance.

The majority of our proposed increase is dedicated to the critical frontline states of Iraq, Afghanistan, and Pakistan, which demand significant and costly attention. They represent a 7.5-percent increase in funding above FY 2010. The remaining growth—a 2.7-percent increase above FY 2010 levels—covers all the rest of our global efforts, as well as our operational infrastructure. The request does not include additional funding that will be required to address the devastating impact of the earthquake in Haiti. We are continuing to assess long-term requirements at this time.

This Congressional Budget Justification (CBJ) serves two other purposes as well: it is the Annual Performance Report for Fiscal Year 2009 and the Annual Performance Plan for Fiscal Year 2011. Both volumes of the CBJ contain performance summaries and have performance information integrated throughout, to support our budget request. The performance data presented herein are complete and reliable in accordance with the guidance from the Office of Management and Budget.

We recognize that, in these tough economic times, it is critical that we hold spending to a minimum. And we have done so. In preparing this budget, our staff found all the savings they could—and then we sent them back to find more. I submit this budget with confidence that it reflects our best efforts to save money while still providing the resources we need to succeed in our efforts around the world.

Let me briefly describe the work this budget will make possible.

Frontline states

Today, nearly seven years since the war in Iraq began, the drawdown of U.S. troops is underway. We are shifting from a military mission to one run by civilians. Accordingly, the work of the State Department and USAID is significantly increasing. This budget request includes a total of $2.6 billion to support U.S. government programs and a staff of over 570 employees in Iraq. Our diplomats are working closely with the Iraqi government to strengthen democratic institutions and ensure that the upcoming elections proceed smoothly and safely.
Our development experts are working to promote economic development, strengthen the agriculture sector that provides the majority of Iraqi citizens with livelihoods, and increase the local and national governments’ capacity to provide essential services.

In Afghanistan, our civilian mission is also growing. As we prepare to send 30,000 new troops, we are also tripling the number of civilians on the ground. Our diplomats and developments experts play a critical role in securing the progress made by our military and building a path to stability. Poverty and weak governance have contributed to the instability in Afghanistan; addressing these vulnerabilities is vital to the long-term success of any effort in that country.

Pakistan is also a focus of our civilian efforts, as violent insurgents continue to concentrate their efforts along the border with Afghanistan and launch deadly attacks against the Pakistani people. We seek to support Pakistan’s democratic government as it works to stop the violence, strengthen the rule of law, and provide services—especially electricity—to its people. The insurgents’ threat will lessen as the government is seen to deliver the building blocks for better lives.

In these frontline states, our country’s military efforts have dominated the headlines—but our civilian efforts are of central and growing importance. This budget captures that reality, as well as the significant cost associated with deploying the appropriate staff and providing the security necessary to protect our civilians and to permit them to operate effectively.

**Targeted investments**

We are shifting our focus toward making targeted investments in a few key areas of convergence—that is, fields that play a central role in the overall prosperity and stability of a country and region.

The first is food security. We have committed to invest at least $3.5 billion over three years in partner countries where agriculture plays a strong role in the economy, where under-nutrition levels are high, and where we see an opportunity for our investments to make an impact. By offering technical support and making strategic investments across the entire food system—from the seeds that farmers plant to the markets where they sell their crops to the homes where people cook and store their food—we can help countries create a ripple effect that extends beyond farming and strengthens the security and prosperity of whole regions.
The second is health. Through our new Global Health Initiative, the United States will invest $63 billion over six years to help fight and prevent infectious disease, reduce child and maternal mortality, and increase family planning and nutrition services. Building upon the historic gains in global health launched by President Bush, this Initiative will expand partner country efforts to strengthen their health systems. By focusing on building capacity along with supporting delivery of services, the U.S. government will help to promote sustainable programs that expand access to quality, integrated health care for more people with our partner countries.

The third is climate change. This global crisis has left its mark on many countries in the form of floods, droughts, and devastating storms, all of which further poverty, foster instability, and hold back progress. As part of our efforts to meet the climate challenge, the United States has committed to provide its fair share of prompt start financing approaching $30 billion over the next three years for mitigation and adaptation. This includes the mobilization of $1 billion between 2010-2012 for programs that will reduce emissions caused by deforestation and other land use activities. The FY 2011 foreign assistance request includes $200 million toward this goal, along with $147 million in multilateral contribution from the Department of Treasury. All told, the Department of State, USAID, and the Department of Treasury are requesting nearly $1.4 billion for core global climate change assistance in FY 2011. That’s more than four times the level of assistance in FY 2009 – a reflection of the urgency of and broad support for this effort and a first step in our longer term effort to finance solutions to support necessary international policies and programs to solve climate change.

The fourth is global engagement. In his speech in Cairo in June 2009, President Obama called for a new beginning in the U.S. relationship with the Muslim world. This is critical to our ability to address global challenges in a spirit of understanding, cooperation, and peace. The State Department and USAID are working to realize the President’s vision through our foreign assistance efforts. This budget includes seed funding for new programs that expand economic opportunity through job creation and entrepreneurship, foster scientific and technological innovation, empower women, support youth, advance education, and strengthen people-to-people connections.

Through these programs, we seek to get the biggest bang for our buck by catalyzing a self-reinforcing cycle. By investing in our partner countries’ long-term progress and supporting plans that they design and take the lead in implementing, we seek to break the cycle of dependence that aid can create.
Rather than delivering services ourselves, we will help countries build their own capacity to deliver services through strong, transparent, accountable institutions.

Putting women front and center is at the core of all of these efforts. Women are critical to advancing social, economic, and political progress. They are also a terrific return on investment: numerous studies have shown that when women receive schooling or the boost of a small loan, they flourish, their children flourish, and so does the greater community.

And, we are abiding by a new focus on results. To keep moving in the right direction, we must measure our progress—not simply by tallying the numbers of programs we run, but the lasting change that those programs help achieve. We must share the proof of our progress with the public and have the courage to rethink our strategies if we fall short.

**Rebuilding our workforce**

To carry out our work around the world, we need talented, well-trained, committed people. And we have them—but not in sufficient numbers. The global workforce of the State Department and USAID is simply too small for all that we have asked of them. We lack expertise in key areas and, as a result, we’ve come to rely too heavily on contractors to do our work, often with too little oversight.

The FY 2011 budget keeps USAID on the path toward its goal of doubling the number of foreign service officers; we are requesting resources to add another 200 foreign service officers to our global workforce. At the State Department, we will fill most of the more than 1,000 vacancies worldwide in FY 2010. The funding requested in the FY 2011 budget will help us build towards a 25-percent increase in FSOs from 2008 levels, which we hope to achieve by the end of 2014.

This increase in our staff will provide a greater depth of expertise in key areas at our overseas posts and substantially enhance our language training program—a critical element of our success. This budget will also provide the resources to fully staff the 2,000-member standby element of the Civilian Reserve Corps, to enhance our civilian capacity to respond quickly to crises around the world.

These are challenging times. The State Department and USAID are ready to meet those challenges. Our strategies are designed to help achieve key national priorities while building the foundation for lasting global progress. Our work this
year won’t be easy, but it will be worth doing, because it will yield real results for the American people and the people of the world.

We look forward to working with you to make the best use of our nation’s resources to help achieve a peaceful and prosperous world.

Hillary Rodham Clinton
Secretary of State