

## D&CP – BUREAU OF ECONOMIC AND BUSINESS AFFAIRS

### *Resource Summary*

(\$ in thousands)

<b>Appropriations</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Estimate</b>	<b>FY 2013 Request</b>	<b>Increase / Decrease</b>
American Positions	188	188	188	0
Funds	31,837	30,171	30,841	670

### *Program Description*

The mission of the Bureau of Economic and Business Affairs (EB) is to promote economic growth and prosperity in the United States and enhance its economic leadership in the world. EB's work lies at the critical nexus of economic prosperity and national security. As nations reorient their national security strategies to focus more on economic security and deal more in economic power, distinctions between "economic" and "security" policies are fading. America's global leadership and economic strength are a package deal.

EB pursues expanded market opportunities in trade, investment, transportation, and information and communications technology. In concert with other agencies, EB promotes economic development worldwide by encouraging pro-growth economic policies, stable financial systems, and sustainable agricultural production. At the same time, EB acts to secure vital transportation and communications infrastructure. EB also leads in the fight against bribery and corruption, and works aggressively to crack down on the illicit financial flows that aid terrorists and criminal organizations. EB assists U.S. exporters and American businesses that seek market opportunities abroad.

In all of these efforts, EB relies on the substantive and technical expertise of talented Foreign and Civil Service staff, as well as on extensive engagement within the Department, with other agencies and governments, in the multilateral arena, and with the private sector. Notably, EB has been a leading player in the U.S. Government's efforts to shape the international economic architecture of the future through outreach to the key emerging economies that are increasingly influential in the world economy, nations such as China, India, and Brazil. EB has also played leading roles in shaping U.S. strategy in the G-8 and G-20, in the Asia Pacific Economic Cooperation forum, as well as in such established international institutions as the International Monetary Fund, World Bank, World Trade Organization, Organization for Economic Co-operation and Development (OECD), and the United Nations. EB has been at the forefront of the effort to develop a comprehensive U.S.-led strategy for ending global hunger, and for gaining support for the U.S. approach among partner nations. EB has used innovative technologies to get the Department's and the bureau's message out to relevant audiences, both at home and overseas.

The Quadrennial Diplomacy and Development Review (QDDR) reaffirmed the Department's resolve that solving foreign policy problems today requires thinking regionally and globally, seeing the intersections and connections linking nations and regions and interests, and bringing countries and peoples together. With economic growth identified as a critical administration priority, the QDDR calls for elevating economic diplomacy as an essential element of U.S. foreign policy.

In accordance with the QDDR, the Department established the Office of the Under Secretary for Economic Growth, Energy, and the Environment (E) which subsumes the responsibilities of the former Office of the Under Secretary for Economic, Energy, and Agricultural Affairs. The Department also established a new Bureau for Energy Resources (ENR) to unite diplomatic and programmatic efforts on

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oil, natural gas, coal, electricity, renewable energy, energy governance, strategic resources, and energy poverty. The Bureau of Oceans and International Environmental and Scientific Affairs (OES), the Science and Technology Advisor, and the newly established Office of the Chief Economist will join EB and ENR in the E family. The Under Secretary’s Office will lead the State Department’s efforts to develop and implement economic growth, energy, agricultural, oceans, environmental, and science and technology policies to promote economic prosperity and address global challenges in a transparent, rules-based, and sustainable system.

### *Performance*

Countries unable to meet their external financial obligations and seeking debt restructuring agreements at the Paris Club are required to pursue reform programs supported and/or monitored by the International Monetary Fund (IMF). Successful implementation of such reform programs is an important element of the restoration of financial stability for such countries.

<b>Strategic Goal 3: Expand and sustain the ranks of prosperous, stable and democratic states by promoting effective, accountable, democratic governance; respect for human rights; sustainable, broad-based economic growth; and well-being</b>							
Active Performance Indicator		Financial Stability Improvement Ratio - Percentage of countries with active debt relief agreements with Paris Club creditors that have an active International Monetary Fund program or have successfully completed it, and do not have protracted arrears to international creditors.					
Prior Year Results and Ratings				FY 2011		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	Target	Result and Rating	FY 2012	FY 2013
84% [Baseline]	87% ▲ Above Target	85% ▲ Above Target	88% ▲ Above Target	85%	90% ▲ Above Target	85%	85%
Reason for Exceeding Target		Consistent application of this linkage policy coupled with more countries obtaining Paris Club debt treatments than originally envisioned.					
Impact		The continued improvements in this indicator point to effectiveness in integrating debt forgiveness with a commitment by recipient countries to positive forward-looking steps that will allow developing countries to enhance long-term economic performance. This is positive for economic prospects and regional stability in numerous parts of the world.					
Methodology		Data are obtained directly from participating Department or other U.S. Government officials and from the IMF itself.					
Data Source and Quality		Department officials participating in Paris Club negotiations provided information on the number of countries seeking debt relief from the Paris Club. The IMF Executive Board provided information on the successful conclusion of IMF reform programs. The Data Quality Assessment revealed no significant data limitations.					

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This indicator measures both the number of jurisdictions allowing the commercial use of agricultural biotechnology and the quantitative impact of such decisions, thus serving as a yardstick for market access to biotechnology.

<b>Strategic Goal 3: Expand and sustain the ranks of prosperous, stable and democratic states by promoting effective, accountable, democratic governance; respect for human rights; sustainable, broad-based economic growth; and well-being</b>							
Active Performance Indicator		Number of additional countries allowing commercial use of agricultural biotechnology and percent increase in global acreage of biotech crops under cultivation.					
Prior Year Results and Ratings				FY 2011		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	Target	Result and Rating	FY 2012	FY 2013
2 countries; 12%	2 countries; 9.4%	0 countries; 7%	4 countries; 16 %	1 country; 5%	N/A	1 country; 5%	1 country; 5%
New Indicator, No Rating	▼ Below Target	▼ Below Target	▲ Above Target		Data Not Yet Available, No Rating		
Impact		N/A					
Methodology		The Department has used information provided by the International Service for the Acquisition of Agri-Biotech Applications (ISAAA) for several years and has confidence in the validity and accuracy of its reports but has no independent means of verifying the data.					
Data Source and Quality		International Service for the Acquisition of Agri-Biotech Applications (ISAAA). <a href="http://www.isaaa.org/inbrief/default.asp">http://www.isaaa.org/inbrief/default.asp</a> The Data Quality Assessment revealed no significant data limitations.					

The World Bank Institute's Regulatory Quality Estimate, one of six World Governance Indicators, serves as a measure of the quality of economic governance and conditions facing private sector businesses. It thus serves as a proxy for the favorability of the business environment for the private sector.

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<b>Strategic Goal 3: Expand and sustain the ranks of prosperous, stable and democratic states by promoting effective, accountable, democratic governance; respect for human rights; sustainable, broad-based economic growth; and well-being</b>							
Active Performance Indicator		Median World Bank Regulatory Quality Estimate for developing countries (range -2.5 to +2.5).					
Prior Year Results and Ratings				FY 2011		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	Target	Result and Rating	FY 2012	FY 2013
-0.29	-0.36	-0.36  New Indicator, No Rating	-0.33  ▼ Below Target	-0.29	N/A  Data Not Yet Available, No Rating	-0.28	-0.27
Impact		An upward trend in this indicator reflects increased confidence in economic governance and implementation of policies favorable to private sector development and competition.					
Methodology		This indicator reports median World Bank Institute Regulatory Quality Estimate ratings for all non-OECD countries. World Governance Indicators combine the views of enterprise, citizen, and expert survey respondents in industrial and developing countries. The data underlying the aggregate indicators are drawn from a variety of survey institutes, think tanks, NGOs, and international organizations. FY 2011 data is expected in September 2012.					
Data Source and Quality		World Bank Institute: <a href="http://info.worldbank.org/governance/wgi/index.asp">http://info.worldbank.org/governance/wgi/index.asp</a> . The Department has no independent means of verifying the data or methodology used in compiling data from external sources. The Data Quality Assessment revealed minor data limitations: the Department is currently working to close gaps in documenting data collection, cleaning, analysis, and reporting procedures.					

This indicator serves as an index of the quality of economic governance in developing countries and thus provides an indirect measure of the degree of economic opportunity present in such countries.

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<b>Strategic Goal 5: Support American prosperity through economic diplomacy</b>							
Active Performance Indicator		Median number of days required to start a business in countries that are not members of the Organization for Economic Co-operation and Development; median cost of starting a business as a percentage of per capita income in those countries.					
Prior Year Results and Ratings				FY 2011		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	Target	Result and Rating	FY 2012	FY 2013
N/A	N/A	26 days, 20% [Baseline]  New Indicator, No Rating	22 days; 18.5%  ▲ Above Target	22 days; 18%	19 days; 17.2%  ▲ Above Target	21 days; 17%	20 days; 16%
Reason for Exceeding Target		During the reporting period a number of countries undertook broad reform programs covering multiple areas of regulation. They have lowered barriers to entry and strengthened property rights, thus helping to establish a more business friendly environment.					
Impact		A decreasing trend in the number of days required to start a business reflects successful government reforms that lower the bureaucratic and legal hurdles faced by entrepreneurs.					
Methodology		Bureau of Economic and Business Affairs has confidence in the World Bank's research quality and methodology but has no independent means of verification of its results					
Data Source and Quality		<a href="http://www.doingbusiness.org/data/exploretopics/starting-a-business">http://www.doingbusiness.org/data/exploretopics/starting-a-business</a>  Data is published annually. Current results are based on data through June 2011. The Data Quality Assessment revealed no significant data limitations.					

### *Justification of Request*

The Bureau's FY 2013 request of \$30.9 million supports key initiatives. This includes an increase of \$667,000 for domestic inflation and to maintain current services. In response to the President's Accountable Government Initiative, this request also includes a decrease of \$44,000 in efficiency savings from proposed reductions in advisory contracts; travel of people and things; printing; and supplies.

The request also reflects a \$0.5 million increase to support the U.S. chairmanship of Kimberley Process (KP) in 2012. This 76-nation effort was established to prevent the use of rough diamonds to finance conflict and has set the standard for addressing the connection between natural resources and armed conflict. The KP continues to face an array of serious challenges where U.S. leadership could play a critical role. The KP operates without a formal secretariat, but rather with a rotating annual chair and a network of working groups that include governments, the diamond industry, and NGOs. The Kimberley Process, a key initiative in support of critical Department goals, is in danger of collapse without the strong leadership the United States will provide at this critical juncture.

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### *Resource Summary*

	Positions					Funds (\$ in thousands)		
	American			FSN	Pos Total	Bureau Managed	American Salaries	Funds Total
	CS	FS Dom	Overseas					
FY 2011 Actual	108	80	0	0	188	9,366	22,471	31,837
FY 2012 Estimate	108	80	0	0	188	7,707	22,464	30,171
FY 2013 Built-in Changes								
Administrative Savings	0	0	0	0	0	(44)	0	(44)
American COLA	0	0	0	0	0	6	121	127
Domestic Inflation	0	0	0	0	0	87	0	87
Total Built-in Changes	0	0	0	0	0	49	121	170
FY 2013 Current Services	108	80	0	0	188	7,756	22,585	30,341
FY 2013 Program Changes								
Kimberley Process (ESC/IEC)	0	0	0	0	0	500	0	500
Total Program Changes	0	0	0	0	0	500	0	500
FY 2013 Request	108	80	0	0	188	8,256	22,585	30,841

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### *Staff by Program Activity* (positions)

Bureau of Economic and Business Affairs	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
Conduct of Diplomatic Relations	149	149	149	0
Counter-Terrorism Programs	13	13	13	0
Domestic Administrative Support	11	11	11	0
Information Resource Management	2	2	2	0
Policy Formulation	9	9	9	0
Public Diplomacy	4	4	4	0
<b>Total</b>	<b>188</b>	<b>188</b>	<b>188</b>	<b>0</b>

### *Funds by Program Activity* (\$ in thousands)

Bureau of Economic and Business Affairs	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
Conduct of Diplomatic Relations	25,868	24,638	25,160	522
Counter-Terrorism Programs	1,566	1,544	1,571	27
Domestic Administrative Support	1,546	1,510	1,531	21
Information Resource Management	428	400	417	17
Policy Formulation	1,719	1,623	1,698	75
Public Diplomacy	710	456	464	8
<b>Total</b>	<b>31,837</b>	<b>30,171</b>	<b>30,841</b>	<b>670</b>

### *Program Activities*

Department Of State	Positions			Funds (\$ in thousands)			
	American		FSN	Pos Total	Bureau Managed	American Salaries	Funds Total
	Domestic	Overseas					
Conduct of Diplomatic Relations	149	0	0	149	7,092	18,068	25,160
Counter-Terrorism Programs	13	0	0	13	126	1,445	1,571
Domestic Administrative Support	11	0	0	11	209	1,322	1,531
Information Resource Management	2	0	0	2	161	256	417
Policy Formulation	9	0	0	9	555	1,143	1,698
Public Diplomacy	4	0	0	4	113	351	464
<b>Total</b>	<b>188</b>	<b>0</b>	<b>0</b>	<b>188</b>	<b>8,256</b>	<b>22,585</b>	<b>30,841</b>

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### *Staff by Domestic Organization Unit* (positions)

Bureau of Economic and Business Affairs	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
Caspian Basin Energy Diplomacy	2	0	0	0
Coordinator for Business Affairs	9	9	10	1
Deputy Assistant Secretary for International Communications & Info Policy	27	27	28	1
Deputy Assistant Secretary for International Finance and Development	41	41	40	(1)
Deputy Assistant Secretary for Trade Policy and Programs	45	45	45	0
Deputy Assistant Secretary for Transportation Affairs	13	13	13	0
Office of the Assistant Secretary	26	29	27	(2)
Policy Analysis and Public Diplomacy	10	10	10	0
Terrorism Finance and Economic Sanctions Policy	15	14	15	1
<b>Total</b>	<b>188</b>	<b>188</b>	<b>188</b>	<b>0</b>

### *Funds by Domestic Organization Unit* (\$ in thousands)

Bureau of Economic and Business Affairs	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
Caspian Basin Energy Diplomacy	788	0	0	0
Coordinator for Business Affairs	2,132	1,987	2,049	62
Deputy Assistant Secretary for International Communications & Info Policy	5,702	5,731	5,753	22
Deputy Assistant Secretary for International Finance and Development	5,387	5,241	5,321	80
Deputy Assistant Secretary for Trade Policy and Programs	7,587	7,248	7,408	160
Deputy Assistant Secretary for Transportation Affairs	1,703	1,803	1,810	7
Office of the Assistant Secretary	3,846	4,087	4,298	211
Policy Analysis and Public Diplomacy	1,388	1,119	1,136	17
Terrorism Finance and Economic Sanctions Policy	3,304	2,955	3,066	111
<b>Total</b>	<b>31,837</b>	<b>30,171</b>	<b>30,841</b>	<b>670</b>

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### *Funds by Object Class*

(\$ in thousands)

Bureau of Economic and Business Affairs	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
1100 Personnel Compensation	18,606	18,478	18,622	144
1200 Personnel Benefits	4,760	4,741	4,773	32
2100 Travel & Trans of Persons	3,697	3,115	3,338	223
2200 Transportation of Things	18	15	16	1
2300 Rents, Comm & Utilities	892	742	795	53
2400 Printing & Reproduction	64	51	55	4
2500 Other Services	2,707	2,113	2,260	147
2600 Supplies and Materials	635	530	568	38
3100 Personal Property	458	386	414	28
<b>Total</b>	<b>31,837</b>	<b>30,171</b>	<b>30,841</b>	<b>670</b>