

US Dept of State - Jacob J. Lew - President's Proposal for the FY 2010 State Department Budget

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MR. CROWLEY: Good afternoon and welcome to the Department of State. This morning, the President has sent the 2011 budget to the Hill, which provides significant funding for a balanced national security strategy and provides resources so that together the Department of State, the Department of Defense, Department Homeland Security, USAID, and other agencies can serve and protect the national interests of the United States around the world.

To start off, we'll have Deputy Secretary of State Jack Lew go through the high points of the budget and answer any questions you might have, and then we'll be available afterwards to answer any additional questions you've got.

DEPUTY SECRETARY LEW: Thank you, P.J. Let me get myself organized here. Good afternoon and I'm pleased to be here with you today to present the budgets of the Department of State and USAID. The Department of State and USAID budgets are critical to securing U.S. national security interests around the world. As the President's budget describes, they're part of our national security budget along with the Departments of Defense and the Department of Homeland Security.

We appreciate the confidence and support that the President has shown in his budget and what this budget represents. The Obama Administration is committed to advancing our national interest using all of the tools of the American power – civilian as well as military. Our diplomatic and development tools enhance American leadership. They strengthen our alliances, and build new partnerships to confront pressing global challenges.

We're projecting leadership through our diplomatic presence and our personnel as we engage with our allies, emerging powers, and crisis in conflict areas and with multilateral organizations. Development assistance, as Secretary Clinton recently pointed out, is a strategic, economic and moral imperative, as central to advancing American interests and solving global problems as diplomacy and defense. This assistance helps take insurgents off the battlefield in Afghanistan, helps confront the conditions that give rise to violent extremism, and helps build more stable and prosperous partners to advance our common security and economic interests.

The FY 2011 State and USAID budget totals USD 52.8 billion. This is a USD 4.9 billion increase above 2010 levels. Of the USD 4.9 billion increase, USD 3.6 billion is for programs in Afghanistan, Pakistan, and Iraq. War-related spending represents a 7.5 percent increase in overall spending, and funding that is not war-related grows by USD 1.3 billion, which is 2.7 percent above 2010 total spending.

We're also submitting a FY 2010 supplemental request that includes USD 4.5 billion to support civilian efforts in Afghanistan, Pakistan, and Iraq. And the balance of the supplemental request will support U.S. military forces.

I'd like to spend a few minutes walking through the major elements of our budget submission, and after would be happy to respond to any questions that you have. Over my shoulder, you see some graphics which I think you have in front of you as well. And I'll follow the structure of that graphic in walking through the highlights of the State and USAID budgets.

Securing frontline states, which – let me make sure I get the color right – is blue on the chart that's behind me. This represents 20 percent of the State and USAID budget and it supports civilian contributions to the U.S. efforts in Afghanistan, Pakistan, and Iraq. The 2011 budget includes USD 10.7 billion to support the regional stabilization strategy in Afghanistan and Pakistan and it also supports a civilian effort as we shift from military to civilian programs in Iraq. And as I mentioned, the supplemental for USD 4.5 billion for 2010 is also included. That, in particular, covers Afghanistan and Pakistan costs, but the transition costs that I've mentioned, which are very much timely expenditures.

Our Afghanistan strategy, as you know, is a fully coordinated civilian-military plan. Civilians are working side by side with the military in each of the districts that are targeted for action. Our goal is to build the capacity of Afghan institutions to diminish the threat posed by extremists, to draw insurgents off the battlefield, and provide meaningful alternatives. The combination of supplemental and FY 2011 funding would permit the program to be built up and maintained over the next 18 months. For Fiscal 2011, funding for Afghanistan is USD 5 billion.

Pakistan is another key country in the war against extremism. Our budget focuses on improving basic infrastructure which will enable civilian government to provide better services to the people of Pakistan. This is key to improving stability and will also provide the military the tools needed to wage an effective counterterrorist campaign. For Fiscal 2011, funding for Pakistan is USD 3.2 billion.

With a scheduled drawdown of U.S. military forces in Iraq, funding in our budget will ensure a smooth transition to civilian leadership of police training and the operational support for our civilian presence. As DOD begins to draw down, there will be savings in the Defense budget of roughly USD 15 billion. While the State expenditures are ramping up, we're seeking an increase of USD 2 billion. This trend will be even more dramatic as the military drawdown continues and military spending continues to decline in Iraq.

For a successful transition, investments in civilian capacity must be in place prior to the military withdrawal. In the FY 2010 supplemental, funding for Iraq is necessary to assure that these time-sensitive investments proceed on schedule. The 2011 funding for Iraq is USD 2.5 billion. The programs in Iraq will include police training, rule-of-law programs, and a transition from the current military footprint to a more normal diplomatic and development presence.

There are presently 22 Provincial Reconstruction Teams that are housed on military bases. That will be reduced to 16 by August 2010 and down to five by October 2011. And

at that point, the enduring diplomatic posts will not be connected to military bases. They'll be freestanding diplomatic posts.

Overall, the State Department budget funds over two-thirds of the 3,000 civilian personnel in these three frontline states. These critical civilian deployments are essential to the success of our strategies and to the reduction of U.S. troop levels.

The second category is meeting global challenges. It's the red part of the pie chart behind me. This is 28 percent of our budget and it supports our efforts to meet urgent global challenges such as natural and manmade disasters, poverty, disease, malnutrition, and threats of further instability from climate change and rapid population growth. In many cases, these efforts involve several agencies in a coordinated whole-of-government effort. These investments improve people's lives and makes them less vulnerable to the ravages of poverty and the threat of instability that extreme poverty breeds. Improving the most basic human conditions not only reflects our values; it enhances our security. Left unmet, these conditions lead too often to conflict, instability, and failed states.

The Global Health Initiative builds on the great progress we have made treating HIV/AIDS, malaria, and tuberculosis. We will invest USD 63 billion over six years to help partner countries achieve significant improvements in health outcomes, coordinating our disease treatment programs to help build stronger and more sustainable health systems, with a particular focus on improving the health of women, newborn, and children. The GHI request for 2011 is USD 8.5 billion, which includes funding for PEPFAR, the malaria program, tuberculosis, and other disease-specific programs.

The President's commitment of at least USD 3.5 billion over three years to establish the Global Hunger and Food Security Initiative, which we're calling Feeding the Future, attacks the root causes of hunger – poverty, malnutrition – by raising agricultural productivity and rural incomes and by improving household nutrition. Total funding of USD 1.8 billion includes USD 1.2 billion for State and USAID and an additional USD 400 million which is in the Treasury Department to support multilateral programs.

Within our Global Health Initiative, there's also an additional USD 200 million which supports the nutrition programs that are an essential part of our Food Security Initiative, so we view these programs as being very much interconnected.

FY11 funding to address global climate change supports our Copenhagen commitment to provide USD 1 billion between 2010 and 2012 for forest-related climate programs and to advance a global effort to take meaningful action to fight climate change. Within the State and USAID budgets, we are requesting USD 646 million for adaptation, clean energy, and sustainable landscapes. For example, we will expand renewable energy programs in the Philippines, improve electric distribution systems in South Africa – Southern Africa, and support high-level bilateral climate change partnerships with major economies like China, India, and Indonesia.

Counting all U.S. Government agencies, total funding for climate change is USD 1.4 billion. We're requesting USD 4.2 billion for humanitarian assistance programs. As we have seen so dramatically in the past three weeks, it is crucial that State and USAID maintain their leadership in this area. These programs provide assistance to internally

displaced persons, refugees, and victims of armed conflict in natural disasters such as the devastation in Haiti.

The budget also includes USD 100 million of new funding for global engagement programs coming out of the President's speech in Cairo last spring. These funds will help create economic opportunities with the Muslim world, foster partnerships in science and technology, and address challenges facing women and youth. This is on top of over USD 700 million we have invested in these areas as part of our regular programming.

Third area, strengthening security partnerships, which is the green section of the chart behind me, this is 28 percent of the budget and it includes funds to strengthen our security partnerships and meet critical challenges, which, in turn, help secure our own interests. These funds provide security assistance to our friends and allies in the Middle East, including Israel, Egypt, and Jordan, and supports security assistance and security sector programs in other parts of the world. Because we've broken out Afghanistan and Pakistan, the number I'm going to give you won't tie to a number that is in your charts, but in addition to Afghanistan and Pakistan and Iraq, it's USD 6.6 billion.

We maintain our commitment to pay UN peacekeeping mission assessments in full and on time, mitigating potential demands on U.S. forces to end conflicts, restore peace, and strengthen regional stability. This is USD 2.2 billion.

We continue to support the Government of Colombia in its battle against drug trafficking, violence, and instability which has a direct impact on regional stability and our own security. That's USD 465 million.

We fund the critical Merida Initiative in Mexico to help the government there in its fight against drug cartels, which has a direct impact on the United States. The budget also includes funds to help our friends in Central America and the Caribbean fight drug trafficking and transnational crime. The funding for the Merida Initiative of Mexico is USD 410 million.

Finally, these funds provide economic and development assistance to help our partners around the world spur economic growth and provide basic services to their people and support civil society and other groups who deserve the opportunity to participate in the political process. This is a large category. It's the section that most of you see as development and economic assistance, and it's USD 5 billion, which includes USD 1.3 billion for economic and development assistance in the Near East, such as support for Yemen, support for the Palestinian Authority; USD 1.2 billion for assistance in Africa, such as in the Sudan, where funds support the implementation of the Comprehensive Peace Agreement; USD 736 million for the Western Hemisphere, where U.S. assistance supports the Government of Colombia in strengthening the rule of law.

This budget also begins to rebalance civilian and military roles. As Secretary of Defense Gates has said, "One of the most important lessons from our experience in Iraq, Afghanistan, and elsewhere, has been the decisive role reconstruction, development, and governance play in any meaningful long-term success."

This budget rebuilds civilian capacity to fulfill these critical missions. For example, the budget includes USD 100 million for a complex crises fund that will enable the Secretary of

State to meet key emergent crises and foster stability in countries that are coming out of crisis. This represents a decision to transition funding for this purpose from the Department of Defense's 1207 program and to place the authority directly within State and USAID.

Similarly, our budget includes civilian funding for the Pakistan Counter Insurgency Capability Fund and for police training in Iraq, both programs which were previously funded in the Department of Defense.

The final category – investing in personnel and infrastructure – is the purple section of the chart behind me. This is 24 percent of the budget and it supports and rebuilds State and USAID personnel and infrastructure, which is critical to meeting our national security objectives through development and diplomacy.

The Department of State and USAID experts are the backbone of our overseas civilian capacity. We have a talented, well-trained, committed core of staff who are critical to engaging with our partners around the world to tackle diplomatic challenges and development challenges, often at significant personal sacrifice and risk. Our civilians help bring stability to volatile regions, reverse the spread of violent extremism, stabilize global economies, decrease extreme poverty, diminish transnational criminal networks, work towards President Obama's long-term vision of a world without nuclear weapons, stop health pandemics, and address the threat of climate change.

These are serious challenges and our preventative efforts cost a fraction of what it costs to fund active military engagement if conditions deteriorate to the point that military action is needed.

Military missions are inherently temporary while State and USAID civilians engage with a lasting presence. We see this clearly in Iraq and Haiti, where military operations will end but the work of the State Department and USAID will continue on a long-term basis. The goal in Afghanistan is to manage a similar transition as security conditions permit, starting in July 2011.

At present, the lack of adequate State and USAID civilian capacity limits our options in responding to significant global challenges. The proposed budget will enhance the strategic choices available to address future challenges. For the Department of State, the increase of 410 Foreign Service personnel will help meet these needs, and if sustained at this rate will result in a 25 percent increase by 2014. For USAID, the increase of 200 Foreign Service officers will keep the agency on a path towards doubling the Foreign Service by 2012. While fiscal constraints require that these targets be extended, we remain on track to rebuild these core capabilities.

Just as a large portion of the DOD budget funds technology, healthcare, housing, and other support for the all-volunteer force, the State Department and USAID operations budget is necessary to lay a strong foundation to implement effective programs and conduct diplomacy with both national leaders and the public.

The State Department and USAID advance America's interests and values around the world every day. As the Secretary has said, a robust, continuous global presence, especially in key countries, allows the United States to provide critical leadership, to strengthen our partnerships and forge new ones, and to 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.

And with that, I'm happy to take your questions.

QUESTION: Can you explain – the figures put out by the White House this morning have a total budget authority of – for 2011 for State of 63.8 billion, which a 2.3 percent decrease from 2010. And your figure here is 52.8. What's – what else is included in what the White House –

DEPUTY SECRETARY LEW: Well, without looking at the piece of paper that's in front of you, it probably includes other agencies that are in Function 150, and it may have some adjustments from year-to-year funding because of the way supplemental funds are being accounted for. The numbers that I gave you are all the funds being requested for Fiscal 2011 in the State Department and USAID budgets.

QUESTION: Right. But this total – I mean, the total budget request for the whole Administration is USD 3.7 billion, correct? And that – I mean, for everything. And so I'm just trying to figure out, because if you use the numbers that you have here, it doesn't add up – the entire – the whole Administration's budget doesn't add up correctly if you use –

DEPUTY SECRETARY LEW: Well, the numbers I've given you are the numbers that are in the Administration budget for State and USAID. So why don't I – I mean, I'm happy to look at that afterwards. But it's hard to react to a chart that I haven't –

QUESTION: This is the same thing – this is the budget book has 56 point – it has 56.770 at the bottom line number. Is that because of the supplementals? Does this include supplementals –

DEPUTY SECRETARY LEW: I suspect that it –

QUESTION: -- and yours doesn't?

DEPUTY SECRETARY LEW: I suspect that it's because of one of two or maybe both things. One, is other foreign policy funding in other agencies, and secondly –

QUESTION: No, this is just State.

DEPUTY SECRETARY LEW: Just State. And –

QUESTION: This is just State and –

DEPUTY SECRETARY LEW: -- and secondly, the way it accounts for advance funding from prior years. I'm describing the new funding request in 2011.

QUESTION: Okay.

DEPUTY SECRETARY LEW: And I'm happy afterwards to go down and crosswalk numbers. I'm quite confident the numbers will tie. They're just presented in a slightly different way.

QUESTION: Sticking with the request for FY2011— that is to say the numbers you've got on the chart — can you give us the comparisons for FY2010, ideally including your proposed supplemental request, so that we can see how much funding for Afghanistan is going up, how much funding for Pakistan is going up, how much funding for Iraq is going up or down?

DEPUTY SECRETARY LEW: Sure.

QUESTION: And other than those three, which you've broken out, two other countries I'd be particularly interested in the same comparators would be Yemen and Haiti.

DEPUTY SECRETARY LEW: Okay. I can either walk through those numbers now or get them back to your afterwards. I think rather than just read off the numbers to you, it might be easier — unless —

QUESTION: Can we get them?

QUESTION: Yeah.

DEPUTY SECRETARY LEW: So for Afghanistan, the — for Afghanistan the total funding in 2010 enacted was USD 2.6 billion, our supplemental request is USD 1.787 -- USD 1.8 billion. It's a total of 4.4. And in the 2011 request, it's 3.9. So what you can see is that with the buildup of our efforts in Afghanistan, we're ramping up the civilian effort, we're getting to a fully funded program level. You can see this in our buildup of civilians. You can see it in our buildup of programming. And it's really an 18-month period that matches the President's new strategy.

QUESTION: I'm sorry. I didn't follow that because you said it was — it's 5.0 for FY2011. You said 2010 enacted was 2.6 billion. And then you said the supplemental request will be 1.8.

STAFF: Right. The numbers that the Deputy Secretary just mentioned, the assistance —

DEPUTY SECRETARY LEW: The assistance, right, right.

STAFF: If you add in the operation's piece, which is all the staffing and the other parts of the (inaudible) runs, the Afghan numbers are USD 3.3 billion in the regular appropriation, (inaudible) in the supplemental, and a USD 4.9 billion request in 2011 (inaudible), so that's combined the assistance and the (inaudible) State operation.

QUESTION: So it would be — just so I'm clear, so enacted 2010 was 3.3?

STAFF: The assistance (inaudible) operation.

QUESTION: Got it. And then the 2.0 is the supplemental —

STAFF: For both, assistance and operations.

QUESTION: Got it. And so the increase – I mean, if one were going to do this, you would basically say that the increase of – that basically what you're proposing is an increase from 3.3 to 5.0, plus there will be a 2.0 that you're requesting in supplemental assistance for the remainder of FY2010, correct?

STAFF: Right.

QUESTION: Okay. Thank you.

DEPUTY SECRETARY LEW: And –

QUESTION: So (inaudible) on top of 4.9, right? Didn't you just say 4.9 before, not 5.0 for 2011?

DEPUTY SECRETARY LEW: It rounds (inaudible).

QUESTION: So we should be saying that it's 7 in total?

DEPUTY SECRETARY LEW: No. 4.9 or 5.0 is 2011 request.

QUESTION: Right.

DEPUTY SECRETARY LEW: The supplemental for Afghanistan is 2 –

QUESTION: Right.

DEPUTY SECRETARY LEW: -- and it sits on top of '10 estimate of 3.3.

QUESTION: So in fact, it's actually a reduction.

DEPUTY SECRETARY LEW: Well, yeah. I mean, I think that on both the program and the operations side, what we're doing is we're building up to the full program level. So I think that if you look at it as an 18-month period, it's not going to be totally smooth. There are certain things that you –

QUESTION: Right. But it looks to be that in fiscal – in FY10, you're going to have USD 5.3 billion and in FY11, you're asking for 4.9, which is, in fact, a reduction?

QUESTION: Right.

DEPUTY SECRETARY LEW: Yeah. I mean, I'd be reluctant to look at the changes in these numbers and call them dramatic shifts, because we're talking about a program where the timing of the expenditures from month to month doesn't match the fiscal year perfectly. I mean, it – there's surges that come at some – in the middle of the year. And we're looking on the programmatic side – leave aside the operations for the moment. We're looking at a programmatic side of building up to an assistance program that's roughly USD 400 million a month. So it won't be USD 400 million every month. There'll be

sometimes when transfers happen one month, but not the next month because of the way programs are funded. So I think one can get a little bit locked in looking at the month-to-month, or even the 12-month to 12-month, because the timing of the supps coming in the middle of the year has caused the program to really have an 18-month character.

QUESTION: Can you give us the same sets of numbers for Pakistan and Iraq, please?

DEPUTY SECRETARY LEW: Sure. On Pakistan, I'm going to give you, again, the program level, and I'm going to ask Rob and Barbara to fill in the ops level. On the program level, the '10 funding was 1.457; the supp request was 344; so the total for '10 is 1.8. And the request for '11 is 3.0. That represents full funding of the Kerry-Lugar program, the commitment to civilian assistance for Pakistan. And it also reflects funding for the Pakistan Counter Insurgency Capability Fund, and our FMF relationship with Pakistan.

STAFF: On the operations side, it's USD 84 million in 2010. Twenty-six of the supplemental requests and a 171 is the 2011 request.

DEPUTY SECRETARY LEW: And the similar numbers in Iraq –

QUESTION: Wait a second. So that means the 2011 – the total for operations and assistance is 3.171?

STAFF: 3.158. It should be 3.171 (inaudible).

QUESTION: Could you perhaps give the combined figures?

DEPUTY SECRETARY LEW: Yeah. I think what we'll do is we'll put a table together that combines the foreign assistance and the operations numbers for an easy comparison rather than trying to do this verbally. There are two different tables and we should have anticipated that you would have wanted the numbers all in. It's not a hard thing for us to turn around. So we'll get –

QUESTION: And if you could do the same for AID?

DEPUTY SECRETARY LEW: Yeah, yeah, we'll get it for Afghanistan, Pakistan. Let me take a minute on Iraq because I think it's important that – to go through the policy behind the Iraq numbers, particularly on the supp. The funding for civilian programs in Iraq that was appropriated in 2010 was USD 466 million.

The supp request is for 517, which is a big increase. And the reason for the supp request in 2010 is that in order for us to be able to have the transition of police training to – from the military to the civilian side, we have to acquire the equipment which includes aircraft, because it requires helicopters. It means recruiting and training and preparing the staff. It means having facilities for them to work in. Because the timing is very key to the military withdrawal happening on time, we've asked for the supplemental to make sure that we can get all the groundwork laid well in advance.

The other thing that we need to do is to prepare for the ultimate military withdrawal when civilian facilities will be standing – freestanding. We are going to need to construct civilian facilities that are not part of U.S. military bases. And that requires, again, advance work.

The costs for these programs is high because the security requirements are quite high, both in terms of the physical structures and in terms of the transportation and security requirements. And the supplemental gets us the resources, particularly for the police training program, to get off the ground quickly. And the request in the program area of USD 730 million in 2011 carries that forward. Our overall funding level for Iraq is higher for that. I've just given you the programmatic detail.

QUESTION: Can I ask you one more?

DEPUTY SECRETARY LEW: Yeah.

QUESTION: Something that I hope will not require such extensive explanations, but the Complex Crises Fund at USD 100 million, is that essentially a straight transfer of funds that previously fell under what you had described as the Pentagon's 1207 budget? Or does it reflect any increase in funds available for those kinds of activities?

DEPUTY SECRETARY LEW: I think that it wouldn't technically be correct to call it a transfer because where it's being requested in the State Department budget, it's not being requested in the DOD budget. But I think you could think of it in those terms and you'd pretty much have it right. The boundaries of the program will be very similar in terms of the Secretary of State having discretion to intervene in these complex crisis situations using State Department funding to support State and USAID programming.

I think that just as there was a great deal of consultation and collaboration before, there will be a great deal of consultation and collaboration going forward. We still view our efforts in these areas as whole-of-government effort, but properly led by the civilian leadership, which is, I think, an important change.

QUESTION: And does that fall under Ambassador Herbst's purview, or is it – indeed, the hundred million gets decided by the Secretary?

DEPUTY SECRETARY LEW: It's going to sit with the Secretary and we will have to make the decision where to allocate it.

QUESTION: Okay.

DEPUTY SECRETARY LEW: Yeah.

QUESTION: I just want to ask you about – another one about Afghanistan, Pakistan, and Iraq, how these budget increases will translate into personnel changes at the embassies. Plussing those up, what numbers could we look for in the coming year?

DEPUTY SECRETARY LEW: I mean, as you know, we're – we've got approximately 900 civilians in the Embassy and in the – throughout the country in Afghanistan. More and more of the people being deployed are being deployed outside of Kabul. As we look ahead towards 2011, we are looking at an increase, both throughout 2010 and into 2011. When I briefed on this previously, I described it on the order of about a couple – 2- to 300 more people. I think that it may be a little bit larger than that. We've got room in this budget for more – a little bit more than that.

What's important is rather than pick an arbitrary number, is that the civilian resources have to be defined by the mission. So as the district plans the military rollout, as they need civilians to go in side by side with the military, we're getting those requirements six months in advance and we're filling those requirements. I suspect that the numbers will be several hundred more in 2010 and then again, they'll increase in 2011.

QUESTION: And in Pakistan and in Baghdad as well – sorry, in Baghdad and in Islamabad as well?

DEPUTY SECRETARY LEW: Well, in Baghdad, there will be an increase in civilians. There is a very large civilian presence in Baghdad already. So, some of it is redeployment of civilians. But there will be an increase. The – we have, as I said, 22 Provincial Reconstruction Teams. As we move from 22 to five, people will be moved around and positions will be moved around. So I don't have a net number of how many additional positions, but it will remain a very significant post. I think for Iraq, rather than think about the increase, while the military is decreasing, civilian presence is unlikely to drop sharply because we have additional new responsibilities.

The place where you'll see the biggest increase right away in the civilian side is in police training, and that will – the deployment of people will be at the – towards the end of 2011, so it's still a ways off.

QUESTION: And then Islamabad, is it – can we expect an increase there as well with the increase in –

DEPUTY SECRETARY LEW: In Islamabad, there are additional civilians that have been slated. It's not on the same order as the increase in Afghanistan. And the civilian increase is partially to implement the civilian programs, but we also have significant requirements for the military assistance in terms of having the people to do the proper oversight in country.

QUESTION: Yeah. Just about 10 days ago, the Afghanistan and Pakistan Regional Stabilization Strategy was unveiled. So this obviously supports that, so does it mean that there are funds there for reintegrating militants into Afghan society, and also these programs to counter the extremist voices that was mentioned in that plan?

DEPUTY SECRETARY LEW: As Secretary Clinton said in London last week, the U.S. supports the reintegration program. The principal funding for reintegration will be through a substantial commitment of Defense Department resources that will be used in – as the campaign moves forward. We don't have any plans to have additional, separate civilian funding right now for reintegration, but we do have country-wide programs in the area of agriculture, alternate livelihoods. And when people are reintegrated, they'll be eligible to participate in programs. But specifically, reintegration funds that we foresee right now are being programmed in the Defense Department.

QUESTION: And then what about the media, you know, getting the U.S. voice heard rather than the extremist?

DEPUTY SECRETARY LEW: Well, we have a substantial program in communications that was built up in the 2010 budget and will be carried forward in 2011. So there's some one-

time costs – things like putting up cell towers and broadcast towers. So the number won't be at quite the same level that it was in 2010, but there is a very significant program – there's a strategy for helping Afghans develop their own media, not just to have U.S. communications. And that program is funded in the 2011 budget. I believe it's USD 150 million.

QUESTION: Okay.

DEPUTY SECRETARY LEW: Yeah.

QUESTION: Hi. I'm wondering if you – I know you're going to put out more figures later, but –

DEPUTY SECRETARY LEW: Yeah.

QUESTION: -- if you could talk about the Haiti –

DEPUTY SECRETARY LEW: Sure.

QUESTION: -- request in the supplemental and in the budget, which I imagine is a little more straightforward because it's not so much operational; it's most – presumably assistance, right?

DEPUTY SECRETARY LEW: Well, the immediate expenditures in Haiti obviously were not budgeted in a formal sense because that's an emergency; we're drawing down emergency funds. And to the extent that there were resources set aside for Haiti that are – can be used for this purpose, we're using them right away. We've been, for the last three weeks, in a disaster response mode where the question has been what needs to be done and how can we pay for it.

As we move forward and get to the end of the relief and into the recovery period, we clearly will have additional funding requirements. Our budget documents indicate that, though we couldn't put a number to paper before these documents were prepared. We're working through those issues now. We're working with the Office of Management and Budget. And I think we'll have more to say about that shortly. But it's certainly our expectation that there will be additional requirements both to refill some of the funds that have been drawn down, to pay for the immediate emergency response, and to carry forward the recovery and early reconstruction process.

The assessment of damage hasn't even been completed yet, so we're at a point in time now where we're just about to make that transition from immediate relief to the longer term.

QUESTION: And just one other thing: Will we be getting the supplemental figures, the separate breakdown?

DEPUTY SECRETARY LEW: You should have the supplemental figures in the documents that were released right before this briefing.

QUESTION: Okay.

DEPUTY SECRETARY LEW: But the supplements is for Afghanistan, Pakistan, and Iraq. It does not include Haiti. We don't have a supplemental yet for Haiti.

QUESTION: There is a number in the budget appendix document which says funds appropriated by this act under titles 3 and 4, not less than 295 million shall be made available for assistance to Haiti.

DEPUTY SECRETARY LEW: Right. That was the regular assistance program –

QUESTION: Got it, that's what I'm –

DEPUTY SECRETARY LEW: -- for Haiti. We had – actually, it was a little more than that that's budgeted in. It's more like USD 375 or USD 379 million that was provided for Haiti.

One of the things that we're doing right now is we're using funds that were previously appropriated to Haiti to meet immediate urgent needs where we have the flexibility to do so. It's in the nature of disaster response that you quickly draw down your emergency response funds and the challenge is to figure out what other funding sources are available.

I think we have a lot to be proud of in terms of the quality and speed of the U.S. Government response, but it has cost quite a lot of money and it has required us to draw down funds that had been intended for other purposes. One of the things we need to look ahead to as we get later in the year is making sure we have emergency funds so that if there's other natural disasters later in the year we have the capacity to respond still, say, in hurricane season.

So we're putting together our analysis of this. It was not the first order analysis. The first order analysis was what's required to respond in 72 hours when you can save lives? What can you do to get search-and-rescue teams in? Immediately after the search-and-rescue process, how do you make sure the food and the water and medical care is provided? We're just now coming to the point where one could take a step back and take the longer view, and that's what we're doing.

QUESTION: Can you address the issue of – I'm sure it's not in this, but can you address the controversy over who's paying for what in the military flights to Florida of Haitians, hospitals wanting to know who's going to pay for things, states wanting to know who's going to pay for this?

DEPUTY SECRETARY LEW: Well, those are not principally issues that we have direct responsibility for. My understanding is that those issues have been worked through and that there is a plan for dealing with that. I would just point out that there's kind of separate issues regarding Haitian Americans who are U.S. citizens and Haitians who are not U.S. citizens, and we have been expediting the return of Haitian Americans who choose to come back to the United States whether they're injured or not. I think the real issue arises with Haitians who are not American citizens who want to come to the United States for treatment. But again, those are not principally areas of our responsibility.

QUESTION: What is the address to find out what's the (inaudible)?

DEPUTY SECRETARY LEW: I think –

MR. CROWLEY: White House and (inaudible).

DEPUTY SECRETARY LEW: White House, yes.

Yeah.

QUESTION: Please. On multilateral development banks, in the budget book that was released this morning, it's showing from 2010 to 2011 an increase from 2.044 to 2.957, which it looks like the biggest single increase, almost USD 900 million, to multilateral development banks. But then in the White House fact sheet that was put out, it's saying 1.9 billion to multilateral development banks. Can you clarify, is it 1.9 or 2.9?

DEPUTY SECRETARY LEW: Well, again, I would be happy afterwards to cross-walk documents. But rather than try to cross-walk the documents, let me explain what I understand is going on in the international financial institution funding.

There's really three things going on. There is additional funding for the food security initiative for a multilateral component of it. There's funding for climate change. If you look at our climate change proposal, it is really a joint bilateral/multilateral effort. And there's also some funding that deals with the need to re-capitalize some of the regional banks. As you know, those are Department of Treasury programs. We pay a great deal of attention to them because we coordinate our programming together and, obviously, it all comes under the Function 150 account. But that's why there's an increase.

As to cross-walking the documents, I might have to – I'd have to look at the way the document was prepared.

QUESTION: But is this – because it's still a big increase, does that have to do with some sort of multilateral agreements that came out of, I don't know, G-20 or some other conference where the agreement was made we're all going to, as a group, increase funding for, like you said, food security and global warming?

DEPUTY SECRETARY LEW: I think that what's driving those numbers is our commitments to the initiatives that I described. In the case of our food security initiative, we view the commitment as a whole. And when I went through the numbers, I used the USD 400 million number that was the multilateral piece as part of our overall commitment. We've actually envisioned a program where we will provide on a bilateral basis one set of services while the multilateral programs will provide a different set of services. Roughly speaking, the multilateral programs will be building infrastructure and the bilateral program will be going in and doing country partnerships of programmatic support.

If we didn't have that cooperation between the bilateral and the multilateral programs, we couldn't have the initiative that we're describing. So it's very important and it also creates leverage for the U.S. contribution. So we think we have the right balance between bilateral and multilateral. One of the challenges in an area like food security is coming into countries with a coordinated approach so that we don't have five different ideas about what we're trying to do.

I think the budget reflects that commitment to a whole-of-government effort. It reflects the commitment to coordinating across multilateral and bilateral institutions and, most

importantly, working with host countries because it's their program; they have to have ownership of it. That's how you end up with sustainability and stability.

Yeah.

QUESTION: Could you talk about – you mentioned 410 Foreign Service officer positions and 200 USAID. I thought the President's plans early on were to increase the number of Foreign Service officers by 1,600 over two years.

DEPUTY SECRETARY LEW: It was never over two years.

QUESTION: Is that –

DEPUTY SECRETARY LEW: No, I mean, we've stretched it out a little bit, but it was never over two years.

QUESTION: Well, my point is, have the cuts that he's trying to make affected the positions that are going to be added?

DEPUTY SECRETARY LEW: I think that as I indicated in my opening statement, we have had to extend the period, but we haven't changed the goal. And I think it's really a remarkable statement of how important this rebuilding of the core capacity of the State Department and USAID is in a very difficult budget year when there are very difficult tradeoffs in domestic programs.

We're maintaining the commitment to building up our capacity to have properly trained civilians available for these critical assignments. You look around the world and the fact that there are 3,000 civilians in Afghanistan, Pakistan, and Iraq makes the case as clearly as anything that I could argue as to why we need more people. Without growing, it just means pulling civilians out of other posts. So we need to grow and I think the budget gives us the ability to continue to grow. And the pace of hiring will only slow down slightly. It will not be a dramatic change.

QUESTION: Could you also tell us, what's the figure for public diplomacy for 2011 and how will that compare to 2010?

STAFF: I can get that.

DEPUTY SECRETARY LEW: Okay, we'll look that up and –

QUESTION: What is the new timeline on the facility –

QUESTION: I'm sorry, I think that your colleague was going to look it up now, because I mean, if – there is a big number for public diplomacy, right, which I know is important to the Administration?

DEPUTY SECRETARY LEW: Yes, it's very important.

QUESTION: If I can get that, that will be great. Thanks.

QUESTION: Then in the meantime, what was the timeline? You said the timeline was elongated on the – on the staffing increase.

DEPUTY SECRETARY LEW: It's 2014; is that correct?

STAFF: Yes, 2014.

DEPUTY SECRETARY LEW: 2014.

QUESTION: Can you give us figures on Yemen?

DEPUTY SECRETARY LEW: Why don't I go around a little bit?

QUESTION: Oh, sorry.

DEPUTY SECRETARY LEW: Sorry. Yeah.

QUESTION: Could you tell us – are there areas – just a kind of a big question. Are there areas where you are losing funding, where less money is going?

DEPUTY SECRETARY LEW: As you go through, there are certainly areas where there are reductions. I think it – we have held the line in a lot of areas. We've targeted the increases, and there have been some areas of reduction. The reality is that international spending has been underfunded for so long that holding the line is, in and of itself, a difficult thing to do in a lot of these accounts. So I could – we could produce a list, but I think the real story is that, from our perspective, we've targeted the investment, the increases, in very strategic areas. We've targeted the increases, obviously, towards the conflict states. We've targeted towards the initiatives which we think are key to getting – to restoring the United States' role in the world so that we can play the kind of constructive leadership role that the President has articulated, and to rebuilding our core capacities.

We've tried to look at countries where there's been progress and you could start to tamp down some of the numbers, and to do it in a constructive way, not – it's not always a positive signal to take a number down, but it's actually a positive thing when the reason the number is coming down is that things are better. And there are some examples of that. There are examples of programs like in – with Merida and Plan Colombia, where you graduate from the first stage of a program to the second stage of a program, where the heavy equipment purchases are behind you and you're programming in a different way. So there are quite a number of areas where the numbers go down. I actually – I don't have a list of cuts in front of me to read off that.

QUESTION: Well, narcotics and law enforcement is actually one that has really significant decreases. Is that because of Merida and Plan Colombia?

DEPUTY SECRETARY LEW: Probably. Probably. I'd have to go back and break it out. And the fact that we've just completed the purchase of helicopters in Mexico, all the helicopters have been paid for, they're being delivered, we're now moving to a different stage of the program. Merida II is a program that's designed to get at the – at what people do as opposed to what they use to do the job. And we're at a similar point in Plan Colombia. I think those are positive reasons to see the numbers go down, but we have been careful in

this budget not just to hold numbers level for symbolic reasons but to use as carefully as we can the scarce resources for diplomacy and development.

QUESTION: Can you talk about the PEPFAR numbers, which have gone down in a number of Sub-Saharan African countries, I believe?

DEPUTY SECRETARY LEW: Well, overall, the PEPFAR numbers have gone up. Overall, we've increased what was the highest level of funding for PEPFAR ever, and we've also increased funding to the global fund. What we've done is we've taken the increase in health dollars and we've used part of the increase to fund what we're calling the Global Health Initiative, which is really designed to connect all of our different health programs. What we've done historically over the last number of years, very successfully, is we've pursued disease treatment programs with HIV/AIDS, malaria, tuberculosis. And what hasn't happened is the kind of self-conscious building of a sustainable healthcare infrastructure, so what we're doing is we're focusing on connecting the programs so if a woman comes into a country, clinic, that is there because of PEPFAR funding, we can also provide maternal care and care to a newborn child.

We're projecting that with this additional focus on systems investment and particularly the health care for women and children, that we'll be able to prevent three million pregnancy-related deaths and 300 – pardon me, 300,000 pregnancy-related deaths and three million newborn and early childhood deaths. So there's an awful lot of benefit to be gained by taking the kind of coordinated approach. And we see it as being important in countries that we have a very significant investment in.

We also see it as important in countries that we have a smaller investment in, where we don't see the Global Health Initiative as being limited to the 10 or 20 top PEPFAR and malaria funded countries. We see it as a whole different way of doing business, where part of our job is to coordinate what we do, work with the host government so that they are focusing their efforts on training community health workers, having the facilities that can be used for multiple purposes. And we see it as a way to both extend the lifesaving and disease reduction capacity of our federal assistance but also to leave behind a much more stable system.

QUESTION: So the idea of bringing it back to the numbers is to change your focus and integrate it into local structures, and that would, overall, not require a larger number? Is that the reason why some of those numbers are going down? In specific countries that, I mean – South Africa goes down, a few others.

DEPUTY SECRETARY LEW: Overall, the PEPFAR number goes up, so I'd have to look at the country-by-country funding levels. But overall, the PEPFAR number goes up.

QUESTION: I have a very quick question regarding Merida. It's 410 million only for Mexico or also Central America?

DEPUTY SECRETARY LEW: Both.

QUESTION: You have the divide between Central America and Mexico?

DEPUTY SECRETARY LEW: Did you hear that? It's 310 Mexico –

STAFF: (Inaudible) and 100 for Central America.

QUESTION: Thank you very much.

QUESTION: Can you say that one more time? I'm sorry.

DEPUTY SECRETARY LEW: 310 for Mexico and 100 for Central America.

QUESTION: And the total for Plan Colombia?

STAFF: Is 465.

QUESTION: Did you say 465?

STAFF: 465 million.

QUESTION: Okay.

QUESTION: For what?

QUESTION: And do you have –

DEPUTY SECRETARY LEW: For Plan – for Colombia.

QUESTION: And then you have a separate for the other Andean drug initiatives?

STAFF: Not in front of me, but that would be – those would be in addition to Colombia.

QUESTION: Okay.

STAFF: And to get back to the other gentleman on public diplomacy, the 2010 number was 520. The increase is 48, 4-8, 2011, for (inaudible) level of (inaudible).

QUESTION: Does the budget call for any additional funds or reflect any greater focus on visa approvals in light of the uproar after the Christmas Day bombing attempt and some suggestion that visas should be once and for all taken away from the State Department (inaudible)?

DEPUTY SECRETARY LEW: Well, we have – we do have funding for our Consular Affairs programs –

QUESTION: Up or down?

DEPUTY SECRETARY LEW: -- that are up, I believe. I'm looking at –

STAFF: Right, and more than that, what we'll also be seeking is the ability to retain more of the fees within the Department of State that had previously been going to the Treasury.

QUESTION: So that was just a one-year exception or forever?

STAFF: We'll be seeking that forever.

DEPUTY SECRETARY LEW: Yeah, it's permanent. (Laughter.)

QUESTION: That's a long time.

DEPUTY SECRETARY LEW: Well, it –

QUESTION: And how much money is that?

STAFF: That would add an additional USD 728 million.

DEPUTY SECRETARY LEW: And provide stable funding for these programs. The 2011 budget includes funds also to support improvements to the system's expanded biometric capabilities in both visa and passport documents. Those were actually included before December 24th, but they obviously also addressed the concerns raised on December 24th. We're planning to improve facial recognition technology as well as piloting new biometric collection techniques. And we're funding – increasing funding by more than USD 50 million in 2011 to enhance the systems that we have to collect and share data.

QUESTION: All right. And how much money for the biometrics?

DEPUTY SECRETARY LEW: I actually don't have a number for the biometrics. I think I'll have to – we'd have to get that for you.

QUESTION: And –

QUESTION: Does that include – sorry – include sharing data with the airlines as well as your fellow agencies? I'm just curious.

STAFF: Primarily it's DHS.

DEPUTY SECRETARY LEW: Yeah. I mean, what we share with DHS we would share with DHS. What we share with airlines, we would share with airlines. It's not meant to change the regime of what we share, just the capacity and the ease with which our systems can share data.

QUESTION: Did you say that was USD 50 million for –

DEPUTY SECRETARY LEW: Five-zero for enhancing systems, for data collection and sharing.

QUESTION: And so that's 700 –

QUESTION: How much was that in the last budget? What's the increase in that?

DEPUTY SECRETARY LEW: That's the increase. I don't have the base in front of me. We could pull that out.

QUESTION: Oh, so it's 50 million additional (inaudible)?

DEPUTY SECRETARY LEW: Correct, correct.

MR. CROWLEY: Arshad, you were asking about Yemen?

QUESTION: Yes.

MR. CROWLEY: (Inaudible) 106 million in the budget, which is up from 67 (inaudible).

QUESTION: Sorry, it was 67?

QUESTION: In FY10?

MR. CROWLEY: In FY10 and then 106 was the request in FY11.

QUESTION: And what's the – do you know what most of the increase is?

DEPUTY SECRETARY LEW: That does not include the State operations. That's just our program.

QUESTION: Got it. And do you know what most of the increase is?

MR. CROWLEY: ESF, I think.

DEPUTY SECRETARY LEW: It's the –

MR. CROWLEY: Yemen?

QUESTION: Yemen.

MR. CROWLEY: ESF is –

DEPUTY SECRETARY LEW: ESF is 29 million of the increase and –

MR. CROWLEY: FMF –

DEPUTY SECRETARY LEW: -- FMF is 23 of the increase.

QUESTION: And last question on FMF: Do you know what that would fund in terms of, you know, hardware?

DEPUTY SECRETARY LEW: It would enhance Yemen's air force intelligence, surveillance, and reconnaissance capability, and increase the counterterrorism training for the security forces, and some funding for the Yemen coast guard and border guards and special ops forces.

QUESTION: Thank you.

QUESTION: So that's USD 23 million to increase this Air Force (inaudible), whatnot?

DEPUTY SECRETARY LEW: Correct.

MR. CROWLEY: We have our experts (inaudible).

DEPUTY SECRETARY LEW: Yeah. We can go through the line item detail with you if you'd like after the briefing in more detail.

QUESTION: On the Merida Initiative, how are you going to plan to – how are you planning to spend the money on – what are the goals? What are the conditions for the Mexican Government to receive these funds?

DEPUTY SECRETARY LEW: Well, the – we've been working with the Government of Mexico very closely on developing a follow-on plan. I was actually just down meeting with the Merida cabinet in November. And the idea is to work on the programs that will improve the rule of law institutions, that will improve the law enforcement activities, that will enhance human rights. And I think that there's a great deal of focus on kind of taking the capabilities that have been built up, in part with our assistance in Merida one, and carrying it forward with an effective program to deal with the – both the threat of the kind of narcotics trade and the violence that comes from that, and also the need to shore up some of the institutional capacities in the Government of Mexico.

QUESTION: Thank you.

MR. CROWLEY: Do you want to take a break in case anyone wants to go through specific numbers and we'll (inaudible)?

QUESTION: Yes.

QUESTION: Thank you.

MR. CROWLEY: Thank you.

DEPUTY SECRETARY LEW: Thank you.

http://www.isria.com/RESTRICTED/D/2010/FEBRUARY_5/2_February_2010_27.php