

Treasury International Programs

Program Summary

Dollars in Thousands

Budget Activity	FY 2012	FY 2013	FY 2014	FY 2012 TO FY 2014	
	Enacted	Annualized CR Rate	Request	\$ Change	% Change
Economic Growth, National Security and Poverty Reduction (MDBs)	\$1,958,538	\$1,970,525	\$2,103,029	\$144,491	7.38%
International Development Association (IDA)	\$1,325,000	\$1,333,109	\$1,358,500	\$33,500	2.53%
International Bank for Reconstruction and Development (IBRD)	\$117,364	\$118,083	\$186,957	\$69,593	59.30%
Inter-American Development Bank (IDB and FSO)	\$75,000	\$75,459	\$102,020	\$27,020	36.03%
Multilateral Investment Fund (MIF)	\$25,000	\$25,153	\$6,298	(\$18,702)	-74.81%
Inter-American Investment Corporation (IIC)	\$4,670	\$4,699	\$0	(\$4,670)	-100.00%
Asian Development Bank (AsDB)	\$106,586	\$107,238	\$106,586	\$0	0.00%
Asian Development Fund (AsDF)	\$100,000	\$100,612	\$115,250	\$15,250	15.25%
African Development Bank (AfDB)	\$32,418	\$32,616	\$32,418	\$0	0.00%
African Development Fund (AfDF)	\$172,500	\$173,556	\$195,000	\$22,500	13.04%
Food Security	\$165,000	\$166,010	\$165,000	\$0	0.00%
Global Agriculture and Food Security Program (GAFSP) ¹	\$135,000	\$135,826	\$135,000	\$0	0.00%
International Fund for Agricultural Development (IFAD)	\$30,000	\$30,184	\$30,000	\$0	0.00%
World Bank Environmental Trust Funds	\$324,350	\$326,335	\$427,450	\$103,100	31.79%
Clean Technology Fund (CTF) ²	\$184,630	\$185,760	\$215,700	\$31,070	16.83%
Strategic Climate Funds (SCF) ³	\$49,900	\$50,205	\$68,000	\$18,100	36.27%
Global Environment Facility (GEF) ⁴	\$89,820	\$90,370	\$143,750	\$53,930	60.04%
Debt Relief	\$186,500	\$187,641	\$175,300	(\$11,200)	-6.01%
Multilateral Debt Relief Initiative (MDRI) for AfDF	\$91,000	\$7,546	\$30,000	(\$61,000)	-67.03%
MDRI for IDA	\$83,500	\$168,022	\$145,300	\$61,800	74.01%
Tropical Forest Conservation Act (TFCA)	\$12,000	\$12,073	\$0	(\$12,000)	-100.00%
Treasury Office of Technical Assistance	\$27,000	\$27,156	\$23,500	(\$3,500)	-12.96%
Office of Technical Assistance (OTA)	\$27,000	\$27,156	\$23,500	(\$3,500)	-12.96%
Middle East Transition Fund	\$0	\$0	\$5,000	\$5,000	NA
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Total	\$2,661,388	\$2,677,667	\$2,899,279	\$237,891	8.94%

¹ FY 2012 Enacted amount does not include the transfer of \$25 million from the Development Assistance Account. FY 2013 Annualized CR Rate does not include the transfer of \$14.6 million from the Development Assistance Account.

² FY 2012 Enacted amount does not include the transfer of \$45 million from the Economic Support Fund.

³ FY 2012 Enacted amount does not include the transfer of \$25 million from the Economic Support Fund.

⁴ FY 2012 Enacted amount does not include the transfer of \$30 million from the Economic Support Fund.

Summary

Economic Growth, National Security and Poverty Reduction: Multilateral Development Banks

The FY 2014 Request for the multilateral development banks (MDBs) is comprised almost entirely of annual commitments negotiated and authorized in previous years. These include a continuation of the capital increases at the International Bank for Reconstruction and Development (IBRD), the Inter-American Development Bank (IDB), the African Development Bank (AfDB), and the Asian Development Bank (AsDB). Investments in multilateral institutions remain a cost-effective way to promote U.S. national security, support broad-based and sustainable economic growth, and address key global challenges like environmental degradation, while fostering private sector development and entrepreneurship. Continued support preserves U.S. leadership at the MDBs—leadership that has greatly benefited both the MDBs and U.S. taxpayers for more than 60 years.

Treasury's Request includes funding for the concessional windows at the MDBs that support the world's poorest countries. MDB concessional facilities are an important source of financing for development needs in many of the world's most fragile and post-conflict states. The projects they support help save lives by combatting extreme hunger and poverty while promoting global stability, prosperity, and private sector growth. The FY 2014 Request includes funding for the third and final installment of the sixteenth replenishment of the International Development Association (IDA) and the third and final installment of the twelfth replenishment of African Development Fund (AfDF). In addition, Treasury is requesting funding that will both meet the U.S. commitment to the first installment of the tenth replenishment of the Asian Development

Fund (AsDF) and clear a portion of U.S. arrears at the AsDF, which currently total over \$326 million. Treasury's Request also includes \$6.3 million to clear a portion of the outstanding U.S. arrears to the Multilateral Investment Fund (MIF).

Food Security

The FY 2014 Request includes \$135 million for a contribution to the Global Agriculture and Food Security Program (GAFSP). Investments made by GAFSP continue to make major strides in improving agricultural development in countries seeking to reduce food insecurity. In 18 countries, smallholder farmers have seen significant increases in productivity on a per hectare basis with corresponding income gains. In Haiti, farmers have more than doubled their yields; in Bangladesh, farmers have had their first-ever surplus of rice. GAFSP is responsive to country needs and is aligned with their own home-grown strategies. It fosters cooperation among donors and allocates resources based on results.

The food security budget also includes \$30 million for the second of three installments for the ninth replenishment of the International Fund for Agricultural Development (IFAD), the only global development finance institution solely dedicated to improving food security for the rural poor. This request is equivalent to our annual commitment under the previous replenishment, made in 2008.

Environment and Clean Energy

The FY 2014 Request includes \$427.5 million for the Global Environment Facility (GEF), the Clean Technology Fund (CTF), and three programs supported by the Strategic Climate Fund (SCF): The Pilot Program for Climate Resilience (PPCR), the Forest Investment Program (FIP), and the Program for Scaling up Renewable Energy in Low-Income Countries (SREP). FY 2014 funding for Treasury's

multilateral environment and clean energy programs will spur direct action and investment by other countries to reduce their own pollution sources and advance ongoing efforts. These global actions mitigate threats to our domestic environment that increasingly originate beyond our own borders, enhancing our national security and providing opportunities for U.S. businesses, especially in clean energy.

The U.S. contribution leverages significant funding from other donors, developing country governments, development institutions, and the private sector. Each U.S. dollar contributed to the GEF, CTF, and SCF leverages four to five additional dollars from other donors and six to ten times that from other funding sources—including the private sector.

Debt Relief

The FY 2014 Request includes \$175.3 million to meet a portion of the U.S. commitment to the Multilateral Debt Relief Initiative (MDRI) at IDA and the AfDF under the current replenishment cycles. MDRI, together with associated debt relief efforts, reduced the debt burden for participating countries by about 90 percent as compared to the debt levels existing prior to entering the debt relief process. As a result, these countries have been able to increase poverty-reducing expenditures by an average of more than three percentage points of GDP over the past ten years.

Middle East and North Africa Transition Fund

The FY 2014 Request includes \$5 million for the Middle East and North Africa Transition Fund, a new multi-donor trust fund administered by the World Bank. This fund was created under the U.S. chairmanship of the Group of 8 to assist Arab countries that are members of the Deauville Partnership with Arab Countries in Transition (currently Egypt,

Tunisia, Jordan, Morocco, Libya, and Yemen) as they address their diverse economic challenges during their political transitions. The fund provides quick dispensation for small grants to help countries put in place economic policies and government reforms that will allow them to attract greater flows of capital. A wide range of countries have already provided or committed to provide funding, including the United Kingdom, Saudi Arabia, Canada, France, Japan, Russia, Kuwait, and Qatar.

Treasury Technical Assistance

The FY 2014 Request includes \$23.5 million for Treasury's Office of Technical Assistance (OTA). This small program achieves big objectives as it fosters economic growth by enabling a government to provide better services for its citizens and reduce dependency on foreign aid. For over 20 years, OTA has helped developing countries build effective financial management systems—a core element of a well-functioning state. These financial management systems include: building efficient revenue collection, well-planned and executed budgets, judicious debt management, sound banking systems, and strong controls to combat corruption and other economic crimes. The program provides significant, cost-effective value for U.S. development, foreign policy, and national security objectives.

International Monetary Fund

Treasury is seeking legislation within its FY 2014 Budget Request for the International Monetary Fund (IMF). G-20 leaders and the IMF membership reached agreement at the 2010 Seoul Summit on a set of IMF quota and governance reforms designed to enhance IMF effectiveness. The U.S. successfully achieved its negotiating priorities: (1) a U.S. quota increase with a corresponding roll back in our participation in the IMF's New Arrangements

to Borrow (NAB); and, (2) preservation of U.S. veto power in the IMF.

Legislation is needed to increase the U.S. quota in the IMF by approximately \$63 billion and simultaneously reduce by an equal amount U.S. participation in the NAB. This action results in no overall change in U.S. financial participation in the IMF. The legislation is also necessary to allow the U.S. to accept an amendment to the IMF Articles of Agreement facilitating changes in the composition of the IMF Executive Board while preserving the U.S. board seat.

Since its inception, the IMF has been a critical tool for the U.S. in promoting global financial stability. The IMF supports U.S. jobs, exports, and financial markets. During crises abroad, the U.S. leverages the IMF to protect our domestic economy.

As the world's largest economy, the U.S. is the only country with a veto to shape major IMF governance and resource decisions. As emerging economies play a bigger role and seek greater influence, it is critical that the U.S. maintains its influence in the global economy in the coming years. This requires ensuring the IMF remains the leading first responder with adequate quota resources and that the U.S. continues to preserve its veto power. Unless the U.S. acts now to honor its IMF commitments, we risk jeopardizing our leadership position.

Finally, the IMF is a safe and smart investment, with a rock solid balance sheet including reserves and gold holdings that exceed total IMF credit outstanding (about \$140 billion). The IMF has never defaulted on any U.S. reserve claims on the IMF since its inception nearly 70 years ago.

The required authorization requests, including for mandatory funding for the IMF quota

increase and NAB rollback, will be submitted separately. The proposal has an assumed enactment date in fiscal year 2013. The net cost of the proposed IMF legislation is zero, both in terms of budget authority and outlays.

Description of Performance

Strengthening transparency and ensuring accountability are critical objectives of the United States' continued support for the MDBs and other International Programs, and Treasury is tightly focused on these criteria. That is why Treasury actively seeks clear and consistent accountability standards and measures, and promotes policies that direct funds to what has been proven to work and away from what cannot be measured. Performance, transparency, monitoring, and results are at the heart of all of these efforts.

As a result of U.S. leadership in these areas, the MDBs have adopted expansive disclosure requirements, stronger auditing functions, better internal controls and are at the leading edge of impact evaluations and performance-driven investment. Treasury has also succeeded in fostering cutting-edge systems for measuring, monitoring, and incorporating development results in MDB operations, and persuading the MDBs to adopt mechanisms under which donor funds are distributed on the basis of performance. In this way, the MDBs provide strong incentives to recipient countries to fulfill their obligations, greatly improving prospects for success, and strengthening economic growth and development.

Treasury also pursues these same standards in the Technical Assistance programs, and across the other important International Programs managed by the Department.