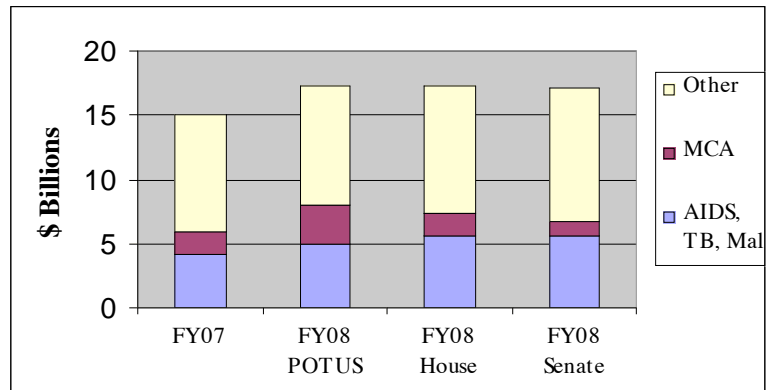


HOUSE AND SENATE FOREIGN OPERATIONS ALLOCATIONS FOR POVERTY ALLEVIATION July 2007

In his FY2008 budget request, the President requested \$17.34 billion for poverty-fighting assistance, a \$2.3 billion increase over FY2007.¹ The House and Senate recently considered their own priorities within Foreign Operations Appropriations bill and allocated \$17.21 billion and \$17.15 billion respectively towards these same priorities:

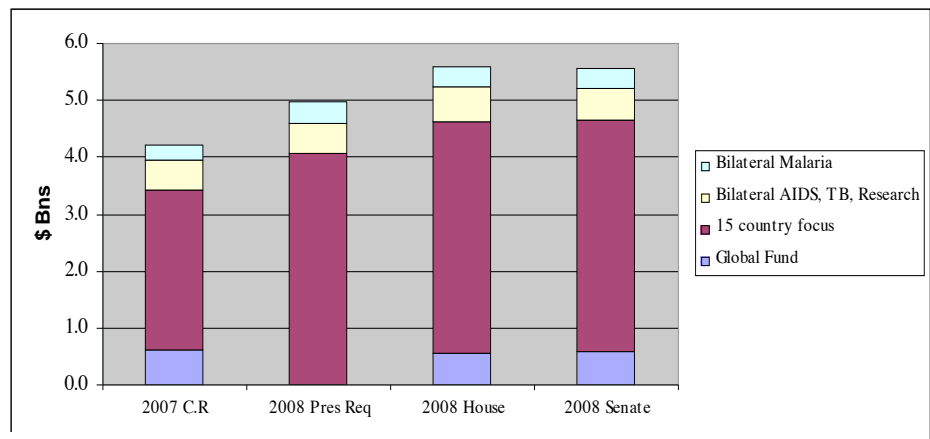
- The President requested \$17.34 billion total (\$2.3 billion more than FY2007) with \$4.97 billion for AIDS, TB and malaria, \$3 billion for the MCA and \$9.36 billion for other core accounts.
- The House Appropriations committee allocated \$17.21 billion total (\$2.2 billion more than FY2007) with \$5.60 billion total for HIV/AIDS, TB and malaria, \$1.8 billion for the MCA and \$9.82 billion for other core accounts.
- The Senate Appropriations committee allocated \$17.15 billion total (\$2.1 billion more than FY2007) with \$5.56 billion for HIV/AIDS, TB and malaria, \$1.2 billion for the MCA, and \$10.39 billion for other core accounts.



Global HIV/AIDS, TB and Malaria

The **President's Emergency Plan for AIDS Relief (PEPFAR)** is a five year, \$15 billion initiative to combating HIV/AIDS in an effort to reach 2 million people with life saving antiretroviral treatment, prevent 7 million new infections and care for 10 million in need. The majority of new resources are focused on 15 of the hardest-hit countries in Africa and the Caribbean. Congress added one in Asia.² PEPFAR is the umbrella program under which all U.S. global HIV/AIDS and TB efforts, bilateral and multilateral, are funded and executed. While most of the new funding is directed through bilateral programs in the focus countries, the initiative maintains existing bilateral HIV/AIDS and TB programs in 108 other countries, as well as research efforts. PEPFAR also includes the U.S. government's annual contributions to the Global Fund to Fight AIDS, TB and Malaria, an independent multilateral mechanism that provides pooled resources to technically sound country-owned proposals and operates in a total of 136 countries. Prior to the announcement of the President's Malaria Initiative in 2005, bilateral malaria programs were also included under PEPFAR.

Funding allocations: In total, the President requested \$4.97 billion in FY2008 from the Foreign Operations account for AIDS, TB and malaria combined. The President did not request any funding for the Global Fund from the Foreign Operations account (the President did request \$300 million for the Global Fund from Labor-HHS). The House allocated \$624 million more than the President for a total of \$5.60 billion in Foreign Operations, adding \$550



**Note: because the House and Senate have not both completed their Labor-HHS allocations, this only considers the Foreign Operations spending on AIDS, TB and malaria.*

¹ Poverty-fighting assistance is primarily located in the Foreign Operations appropriations bill, but some HIV/AIDS funding is also included in the Labor-HHS, Agriculture and Defense bills. This analysis is focused only on the Foreign Operations bill.

² The 15 focus countries are: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Zambia and Vietnam.



million for the Global Fund and meeting the President’s request for the 15 focus countries. The Senate allocated approximately \$584 million more than the President for a total of \$5.56 billion in Foreign Operations, adding \$590 million for the Global Fund but cutting \$13 million from the President’s request for the 15 focus countries. The House allocated \$36 million less than the President requested for bilateral malaria and the Senate allocated \$30 million less for these efforts.

Global AIDS Initiative focused on 15 countries—The President requested \$4.07 billion for bilateral assistance for the 15 focus countries, a \$1.28 billion increase over FY2007. The House allocates the full request whereas the Senate allocated \$4.06 billion (a \$13 million cut).

Non-focus country bilateral HIV/AIDS and TB programs—The President’s total FY2008 Foreign Operations request for bilateral AIDS programs in non-focus countries and bilateral TB programs was \$513 million, \$34 million less than the FY2007 level of \$547 million. The House provided \$623 million and the Senate allocated \$550 million. Within these totals, both the House and Senate increased funding for fighting TB: the House allocated \$153 million (with the assistance of Rep. Payne’s amendment that added \$50 million) and the Senate allocated \$110 million whereas the President requested \$90 million.

Bilateral malaria—The President’s FY2008 request includes \$388 million for malaria, an increase of \$140 million over FY2007 which would be used to scale up the President’s Malaria Initiative. Both the House and Senate allocated less than this total: the House provided a total of \$353 million and the Senate allocated \$358 million.

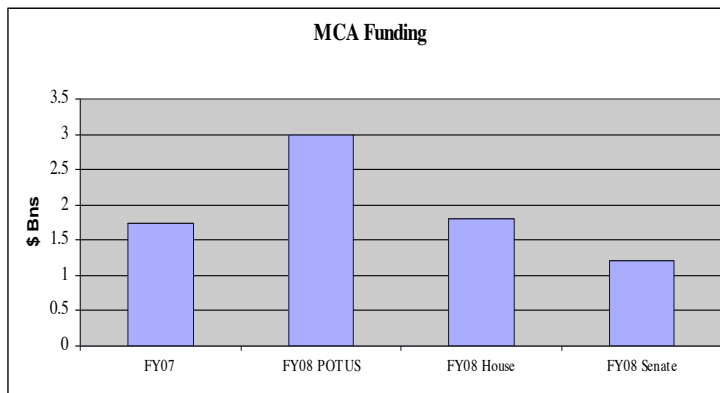
Global Fund to Fight AIDS, TB and Malaria—The President did not request any funding for the Global Fund to Fight AIDS, TB and Malaria from Foreign Operations (the President did request \$300 million for the Global Fund in Labor-HHS). The House and Senate both added significant funding specifically for the Global Fund. The House allocated \$550 million through Foreign Operations and the Senate allocated \$590 million (\$40 million was added through the mark-up due to an amendment sponsored by Senator Durbin). Both the House and Senate are also expected to provide additional funding through their Labor-HHS bills as well.

U.S. Appropriations for Global HIV/AIDS, TB and Malaria			
<i>(In USD mns)</i>	POTUS FY08 Request	2008 House	2008 Senate
15 focus countries and centrally managed programs	\$4073	\$4073	\$4060
Global Fund to Fight AIDS, TB and Malaria	\$0	\$550	\$590
Bilateral HIV/AIDS, TB and Research	\$513	\$623	\$550
Subtotal HIV/AIDS, TB and Research	\$4586	\$5246	\$5200
Bilateral Malaria	\$388	\$353	\$358
Total	\$4974	\$5599	\$5558

The Millennium Challenge Account

The Millennium Challenge Account (MCA) was created in 2003 as a new foreign assistance initiative supporting those developing democracies that have demonstrated progress toward democracy, economic freedom, human rights, and the rule of law. The MCA’s work is based upon the idea that aid programs are most effective when they reinforce good governance, the rule of law, economic freedom and investments in people. To achieve this goal, the MCA is focused specifically on supporting programs that reduce poverty by fueling sustainable economic growth through market-based investments in areas such as agriculture, education, private sector development, health and capacity building. An important feature of the MCA is the countries themselves are responsible for identifying the greatest barriers to their own development and proposing solutions.

Funding allocations: The President requested \$3 billion in FY2008 (an increase of \$1.25 billion over FY2007 level), but the House and Senate both cut that allocation to \$1.8 billion and \$1.2 billion, respectively. The Millennium Challenge Corporation (MCC) estimates these proposed cuts from the House and Senate will curtail the MCC's ability to sign all compacts that would otherwise be eligible in FY2008. With the \$1.8 billion allocated by the House, the MCC could sign 4 new compacts in FY2008. At the Senate allocation of \$1.2 billion, the MCC would not have enough funds to sign the Burkina Faso compact in FY2008. The MCC will require an FY2008 allocation of at least \$1.65 billion to enact the Burkina Faso compact in FY08.



Other Key Accounts

In addition to the new HIV/AIDS, malaria and MCA initiatives, the State/Foreign Operations appropriations bill provides funding for education, clean water, debt relief, and child and maternal health for the poorest people of the world through a variety of key programs, referred to as the core accounts. As HIV/AIDS initiatives and the MCA have grown, other core programs have been held relatively flat or have only grown by small increments.

Funding allocations: In FY2008, the President allocated approximately \$9.36 billion for these priorities which is a net \$294 million more than appropriated in FY2007. The House allocated \$9.82 billion (a \$747 million increase over FY2007) and the Senate allocated \$10.39 billion (a \$1.3 billion increase). Underneath these top line increases, however, are some cuts that may significantly hamper key programs:

Child Survival and Health—As in past years, the President's request for FY2008 cut funding for non-AIDS, TB or malaria Child Survival and Health programs by approximately \$12 million. These key accounts have largely been flat funded over the past decade. The House added \$80 million over the FY2007 level (for a total of \$877 million) and the Senate added \$230 million (for a total of \$1.03 billion).

Development Assistance—The President requested \$1.04 billion for the Development Assistance (DA) account in FY2008, \$468 million lower than FY2007 level. This decrease was mostly due to a large migration of funds from the DA account to ESF. The House and Senate appear to have shifted these funds back to the DA account with the House allocating \$1.73 billion for DA and the Senate allocating \$1.46 billion. The House DA allocation included \$520 million for basic education. Details of the Senate's DA account allocation are not yet available, but it likely does not include a similar increase for basic education, which accounts for some of the difference between the House and Senate allocations.

Debt Cancellation and IDA—The President requested \$1.06 billion for the International Development Assistance account at the World Bank (IDA), which is the mechanism for fulfilling the U.S. international obligation to provide 100% multilateral debt cancellation to the poorest countries. The House only allocated \$950 million for IDA and the Senate allocated \$1 billion. The FY2008 budget also includes a debt cancellation line item for which the President requested \$207 million which is primarily to cover costs for U.S. debt cancellation for the Democratic Republic of Congo. The House and Senate largely met this request at \$200 million each.

International Disaster and Famine Aid—The President requested \$297 million in FY2008, a \$64 million cut from FY2007. The House and Senate replaced some but not all of this cut by each allocating \$322 million.



African Development Fund—The African Development Fund received \$134 million in FY2007. The President and the House largely maintained this level with small increases (the President requested \$141 million and the House allocated \$136 million) but the Senate cut the allocation by \$29 million to \$105 million.

Foreign Operations Allocations for Poverty-Focused Development Assistance (PFDA)				
	FY2007	FY2008 POTUS Request	FY2008 House	FY2008 Senate
Global AIDS, TB, Malaria	\$4.21b	\$4.97b	\$5.60b	\$5.56b
MCA	\$1.75b	\$3.0b	\$1.8b	\$1.2b
Other Key Accounts	\$9.07b	\$9.36b	\$9.82b	\$10.39b
Total PFDA	\$15.0b	\$17.33	\$17.22	\$17.15b
Other Foreign Ops	\$4.72	\$4.69	\$4.67	
State Dept Total				
Total 150 Account				