

OTHER ADMINISTRATION OF FOREIGN AFFAIRS

Conflict Stabilization Operations

Office of the Inspector General

Educational and Cultural Exchange Programs

Representation Allowances

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CONFLICT STABILIZATION OPERATIONS

Proposed Appropriation Language

CONFLICT STABILIZATION OPERATIONS

For necessary expenses to support, maintain, mobilize, and deploy a civilian response corps and for related reconstruction and stabilization assistance *and contributions* to prevent or respond to conflict or civil strife in foreign countries or regions, or to enable transition from such strife, [~~\$56,500,000~~]~~\$45,207,000~~, to remain available until expended: *Provided*, That funds made available under this heading may be made available to provide administrative expenses for the coordination of reconstruction and stabilization activities: *Provided further*, That the Secretary of State may transfer and merge funds made available under any other heading in Titles I, II, III and IV of this Act with funds made available under this heading to maintain and deploy a Civilian Response Corps and to provide reconstruction and stabilization assistance: *Provided further*, That the Secretary may appoint, [compensate and remove Civilian Response Corps personnel without regard to Civil Service or classification laws]*on a time-limited basis solely to carry out reconstruction and stabilization activities, employees without regard to the provisions of title 5 governing appointment in the competitive service and may fix the basic compensation of such employees without regard to chapter 51 and subchapter III of chapter 53 of title 5.*

COMPLEX CRISES FUND

Provided further, That up to [~~\$10,000,000~~]~~\$7,000,000~~ of the funds appropriated under this heading may be transferred to, and merged with, funds appropriated under the heading "Conflict Stabilization Operations".

CONFLICT STABILIZATION OPERATIONS

SEC. 7054.

(a) Funds appropriated or made available under this or any other Act for reconstruction and stabilization assistance, including funds that are reprogrammed or transferred to be made available for such purposes, may be made available for such purposes, notwithstanding any other provision of law: *Provided*, That the administrative authorities of the Foreign Assistance Act of 1961 may be utilized for assistance furnished with such funds: *Provided further*, That the President may furnish additional assistance by executing the authorities provided in sections 552(c) and 610 of the Foreign Assistance Act, notwithstanding the percentage and dollar limitations in such sections: *Provided further*, That funds allocated or reprogrammed for purposes of this section shall remain available until expended.

(b) The authority provided by section 618 of the Foreign Assistance Act of 1961 shall remain in effect through [~~2013~~]~~2014~~.

CONFLICT STABILIZATION OPERATIONS

Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR ⁽¹⁾	FY 2014 Request	Increase/Decrease From FY2012
Positions - Enduring	247	183	158	(89)
Enduring Funds	21,816	0	45,207	23,391
Overseas Contingency Operations Funds	8,500	8,500	0	(8,500)
Total Funds	30,316	8,500	45,207	14,891

FY 2012 Actual includes the transfer of \$21,816,000 from Diplomatic and Consular Programs (D&CP) to Conflict Stabilization Operations. Although not included in the table above, this level is being sustained under the FY 2013 Continuing Resolution through a transfer from D&CP.

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

The Bureau of Conflict and Stabilization Operations (CSO) advances U.S. national security interests by taking early and strategic preventative action to resolve conflict, break the cycles of violence, and harness beneficial drivers of change and local sources of stability through diplomacy, application of technical expertise, and innovative programs. CSO collaborates with US embassies, the U.S. Government interagency, and international partners, but most importantly, supports host nation partners in developing truly local solutions. Chiefs of Mission draw upon CSOs capabilities for a wide array of conflict prevention and stabilization support, including: conflict and needs assessments; planning, interagency coordination; and scalable expeditionary field teams consisting of subject matter expert advisors and mentors, analysts, planners, and trainers.

CSO was established as a bureau in November 2011 in response to the Quadrennial Diplomacy and Development Review (QDDR)'s call to elevate conflict prevention as a core mission of the State Department and to respond much earlier in conflict situations, rather than reacting after violence has broken out. Former Secretary Clinton characterized the creation of CSO as "one of the most important decisions that came out of the QDDR" because of the critical role of civilian engagement in conflict-affected settings in protecting Americans, promoting U.S. values, and furthering national interests.

As part of creating a new bureau, CSO has taken significant steps to develop a "business model" of being agile, innovative, responsive, and results-driven. CSO is refining the Civilian Response Corps (CRC) to ensure it draws on the best expertise available in a timely manner and at a lower cost overall. CSO has worked to shift resources away from Washington with 70 percent of its budget now directed to field-based operations.

Through its bureau strategic goals, CSO seeks to:

1. Respond rapidly to break cycles of violent conflict and mitigate crises in priority countries;
2. Catalyze local reform by promoting policies, regulations, and practices that increase community resilience and address causes of destabilizing violence;
3. Mobilize local stakeholders and reformers to build coalitions to prevent conflict and respond to crisis; and
4. Manage resources responsibly to prevent conflict and respond to crisis.

CONFLICT STABILIZATION OPERATIONS

CSO operates in priority countries where conflict is present and where U.S. resources are insufficient to meet the challenges. CSO can play a major role in these states by extending the reach of the U.S. Mission, enhancing understanding of conflict dynamics throughout the country, and expanding the U.S. Government's ability to influence local actors and institutions. CSO's past work has included helping to facilitate South Sudan's referendum on independence, supporting efforts to stamp out the Lord's Resistance Army, allaying ethnic violence in the Kyrgyz Republic and strengthening local capacity to address it, and helping the Transitional National Council take charge in Libya. CSO provided a similarly-broad array of support on election-related conflict prevention in Kenya, encouraged democratic openings and reconciliation in Burma, offered non-lethal support to the civilian opposition in Syria, and designed innovative approaches to reducing crime-related violence in Central America.

It is critical that solutions are driven by local dynamics and actors, both to work and to ensure long-term sustainability. Too often in conflict situations, the international community begins by deploying the tools immediately at hand regardless of whether they are right for the situation, letting the tools drive the solution. This results in inefficiency, short-lived results, and higher costs. CSO's approach is different, focusing on identifying the right tools. CSO also recognizes that strategies must be driven by local dynamics and actors, both to be effective and ensure long-term sustainability. CSO prioritizes host nation capacity building and local solutions. CSO's methodology includes a rigorous process of joint analysis and planning in partnership with the host nation and other partners, complemented by proactive monitoring, evaluation, and learning processes that further enhance policy and operational engagement. CSO plans to conduct at least four special evaluations during the next year using a special combination of external and internal expertise. CSO's newly established Office of Learning and Training plans to use monitoring and evaluation information to develop lessons learned and best practices which will be disseminated internally for application in future and ongoing engagements.

Performance

CSO's indicator "Percentage of CSO engagements that were commended (in embassy cables, interagency documents, partner assessments, etc.) as strongly contributing to the ability of the U.S. Government or local partners to transform conflict dynamics" measures impact on CSO's primary goal of transforming conflict dynamics by including effects on local partners of non-USG actors, thus capturing the impact of innovative CSO efforts that leverage non-USG resources, build sustainability, or productively challenge USG business as usual. "Strongly contributing" means CSO's work is explicitly described by partners as being a critical or lead component, or as providing a foundation or vision for the work of partners; while "ability to transform conflict dynamics" measures impacts such as increasing the systematic understanding of what drives or mitigates conflict and developing new or improved systematic conflict intervention plans.

CONFLICT STABILIZATION OPERATIONS

Strategic Goal 1: Counter threats to the United States and the international order, and advance civilian security around the world								
Strategic Priority		Conflict Prevention, Mitigation, and Response						
Active Performance Indicator		NEW APP INDICATOR: Percentage of CSO engagements that were commended (in embassy cables, interagency documents, partner assessments, and non-USG documents) as strongly contributing to the ability of the U.S. Government or local partners to transform conflict dynamics.						
Prior Year Results and Ratings					FY 2012		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Target	Result and Rating	FY 2013	FY 2014
N/A	N/A	N/A	N/A	N/A	New Indicator	N/A	65%	75%
Impact		Baseline year; N/A						
Methodology		Documents originate both from USG and post sources and from non-USG sources. To qualify, documents received must commend CSO rather than simply thank or mention CSO, consistent with the definitions and examples of strongly contributing and ability to transform conflict dynamics. CSO examines documents submitted by Engagement Leads to verify that they originate from outside the bureau and meet this stringent definition.						
Data Source and Quality		Engagement metrics reports from Engagement Leads, who are required to evaluate documents received from outside the bureau which mention their engagements and record any commendations that match the definition given by this indicator. They must also submit copies of the qualifying documents for verification. While evaluations on the value added of CSO engagements are subjective, we are confident that posts will provide CSO with honest and frank reviews on our ability to help transform conflict dynamics.						

CSO was established as an expeditionary organization able to operate in conflict countries in order to increase USG capability to have timely impact on the ground. While there are important contributions CSO can also make in Washington, and it is necessary to devote some resources to Washington-based support and administration, the bulk of CSO and CRC personnel should be in the field, where the ultimate impact is supposed to happen.

This will be measured as the annual average of the daily percentage of deployable CSO and CRC personnel who were deployed to the field.

CONFLICT STABILIZATION OPERATIONS

Strategic Goal 1: Counter threats to the United States and the international order, and advance civilian security around the world								
Strategic Priority		Conflict Prevention, Mitigation, and Response						
Active Performance Indicator		NEW APP INDICATOR: Percentage of deployable CSO/CRC personnel who are deployed in support of field operations.						
Prior Year Results and Ratings					FY 2012		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Target	Result and Rating	FY 2013	FY 2014
N/A	N/A	N/A	N/A	N/A	N/A	N/A	40%	45%
						New Indicator, No Rating		
Impact		Baseline year; N/A						
Methodology		This will be measured as the annual average of the daily percentage of deployable CSO and CRC personnel who were deployed to the field. This is a straightforward calculation from the deployment database, which shows how many of the deployable staff available were deployed each day. Database accuracy can be spot checked against records kept by Engagement Leads.						
Data Source and Quality		Bureau deployment records from database of deployable CSO and CRC personnel, managed by the Bureau's Office of Civilian Response Corps and Deployment Support. Data is entered based on travel purchases and reports from engagements of arrivals and departures. Data quality is excellent. CSO keeps very detailed records on deployment related activities.						

Justification of Request

The FY 2014 Request for the Bureau of Conflict and Stabilization Operations is \$45.2 million, a total increase of \$14.9 million above the FY 2012 Actual. In FY 2014, funding will be focused primarily on high-impact engagements. These will depend on conditions at the time, but may include Middle East and North Africa (MENA) transition countries, Nigeria, Burma, and/or North Central America. The FY 2014 funds will be used to: (1) respond to the increasing number and size of requests for civilian expertise; (2) empower crisis response teams to rapidly stand up and manage stabilization programs in emergent situations; and (3) build crosscutting initiatives that amplify the impact of the Department, interagency and partner activities and strengthen community resilience in response to conflict.

The following provides a detailed justification of the FY 2014 Request by program activity:

Overseas Response Operations: \$28.1 million

In FY 2014, the majority of CSO's resources are directly dedicated to the staffing, operation, and support of overseas deployments. The following are the major components of this program activity:

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- **Response Capacity: \$6.4 million**

The request includes the salaries, benefits, and support costs of full-time interagency CRC component members from USAID and other participating agencies. It also includes the salaries and benefits of the direct-hire employees in CSO's Offices of Overseas Operations who also deploy.

- **Response Operations Support: \$1.1 million**

These funds will provide for direct management, administration, recruitment, and operational support of the CRC personnel who participate in overseas deployments.

- **Deployments: \$20.6 million**

This funding provides for all costs associated with deploying CSO personnel, including the CRC civilian responders, to support conflict and stabilization missions. In FY 2014, CSO projects having a small number of large-scale, high-impact engagements and between 10-15 medium-sized, technically-focused engagements. As resources permit, CSO will also deploy experts to assist embassies or other partners with policy or program development challenges. Operationally, CSO will support Chiefs of Missions in priority countries with integrated expeditionary operations for conflict prevention, stabilization, and transition. CSO will also support embassies, regional bureaus and special envoys with conflict analysis and planning support, expertise and innovative strategies. The funding includes the costs of travel, per diem, in-country support, air or surface transportation of equipment, bandwidth for satellite communications, subsistence, and other costs associated with an engagement, including the hiring of experts and other engagement-specific responders.

CSO is developing a set of crosscutting initiatives to advance innovative approaches to preventing and mitigating conflict. Building on best practices derived from these activities, CSO will scale up implementation of these approaches in priority countries and at the regional level.

In Kenya, CSO is supporting peaceful elections focused on preventing a recurrence of election violence. Other illustrations include facilitating dialogue on strengthening cross-border water management along the Nile; mobilizing Central American, and Middle East/North African youth as positive role models through media, technology and conflict mediation activities; and catalyzing interfaith collaboration and leadership in Nigeria and Kenya.

Policy, Partnership, and Learning: \$6.7 million

This program element will provide the funding and staff to develop new relationships with bilateral and multilateral partners, NGO's, and other nontraditional actors that can help expand the CSO's reach and deepen its expertise, as well as to manage civilian-military strategies and relationships. In addition, this program element provides for a resource center on conflict stabilization, professional development, and training for the CSO responders, as well as the development of lessons learned from CSO operations to inform ongoing and future missions.

Plans, Programs, and Integration: \$7.3 million

Funding requested provides for the personnel and support costs of Washington-based headquarters staff, including CSO Front Office, necessary to implement programs, policies, proposals, and strategies for conflict prevention and stabilization operations, as well as staff to exercise oversight and management responsibility for the integration of conflict and stabilization operations, deployments, and programs with overall U.S. foreign policy objectives. This program element includes the resources necessary to provide for the administrative and management support of CSO operations, including financial management, budget/strategic planning, human resources, and general services operations.

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CSO Headquarters: \$3.1 million

This activity funds the CSO headquarters support costs, including non-deployment travel, rents, utilities, IT network support, printing, internal supplies, and equipment. In FY 2014, CSO anticipates that consolidating its offices in the Foggy Bottom area will result in associated savings and cost avoidance of approximately \$4 million (between FY 2012 and FY 2014) in rent, security, IT expenses, utilities, and shuttle bus costs.

Overseas Conflict Stabilization Programming

CSO manages and oversees the implementation of conflict stabilization programming, utilizing foreign assistance funding made available for such purposes. The FY 2014 Request for the Complex Crises Fund (CCF) provides that up to \$7 million may be transferred to CSO to support overseas conflict and stabilization programs.

CSO focuses on direct political engagement in crisis response. As CSO begins an engagement, its civilian responders often identify the need for stabilizing project activities. Such activities are integral components of CSO's engagements and will directly support priority foreign policy objectives. Projects will be designed to build credibility for new civilian authorities by addressing immediate needs, increasing access to balanced and accurate information, restoring and/or enhancing the operational capacity of local institutions, and promoting public acceptance. In keeping with CSO's crisis response and stabilization mandate, program funds (ordinarily from foreign assistance accounts) will provide civilian responders operating in dynamic and tense environments the flexibility to support critical small initiatives rapidly, in order to head off or mitigate future violence. Their use will be primarily for rapid response to an unfolding and often unpredictable emerging political event, but may also be used for timely conflict prevention interventions.

CSO has integrated project activities into its operations: CSO's Syria team is using program funds to provide opportunities for disparate groups to work together and increase their political and civilian capacity for effective "tipping point" activities – such as training on non-violent resistance techniques and advice on how to increase the impact of locally-developed communications content. CSO is also helping to prepare civilian opposition members to play a stabilizing role in countering sectarian violence or vigilantism when they return home.

CSO funding is critical to the development of such innovative approaches so that they can be integrated into long-term programs that could ensure sustainability and host nation ownership. Flexible funding will increase the capacity of teams to engage quickly in activities within 0-12 months. These small projects within an overall CSO engagement will generally involve direct capacity building efforts with local partners.

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Funds by Object Class

(\$ in thousands)

Conflict Stabilization Operations (CSO)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
1100 Personnel Compensation	4,119	0	15,361	11,242
1200 Personnel Benefits	1,119	0	12,269	11,150
2100 Travel & Trans of Persons	1,196	0	4,600	3,404
2200 Transportation of Things	1	0	0	(1)
2300 Rents, Comm & Utilities	504	0	835	331
2400 Printing & Reproduction	33	0	35	2
2500 Other Services	14,136	0	11,415	(2,721)
2600 Supplies and Materials	77	0	86	9
3100 Personal Property	318	0	101	(217)
4100 Grants, Subsidies & Contributions	313	0	505	192
Total	21,816	0	45,207	23,391

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OFFICE OF INSPECTOR GENERAL

Proposed Appropriation Language

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For necessary expenses of the Office of Inspector General, [~~\$65,622,000~~]~~\$69,406,000~~, notwithstanding section 209(a)(1) of the Foreign Service Act of 1980 (Public Law 96–465), as it relates to post inspections.

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For an additional amount for "Office of Inspector General", [~~\$49,901,000~~]~~\$49,650,000~~, to remain available until September 30, [2014]2015, [of which \$49,901,000 shall be] for the Special Inspector General for Afghanistan Reconstruction for reconstruction oversight: *Provided*, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: *Provided further*, That such amount shall be available only if the President designates such amount for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A).

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Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR ⁽¹⁾	FY 2014 Request	Increase/Decrease From FY2012
Positions - Enduring	318	318	318	0
Enduring Funds	61,904	62,283	69,406	7,502
Overseas Contingency Operations Funds	67,182	67,182	49,650	(17,532)
Total Funds	129,086	129,465	119,056	(10,030)

Funding for DOS OIG is discussed in this chapter. Funding for the Special Inspector General for Afghanistan Reconstruction (SIGAR) is reflected in the Overseas Contingency Operations (OCO) Chapter.

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

The Office of Inspector General (OIG) has the lead role in helping the Department of State (Department) and the Broadcasting Board of Governors (BBG) improve management, strengthen integrity and accountability, investigate and deter fraud, and ensure the most efficient, effective, and economical use of resources. OIG's oversight extends to the Department's and BBG's 70,000+ employees and 280 missions and other facilities worldwide that are funded through combined annual appropriations of more than \$18 billion and \$2.4 billion in fee-based services. OIG also provides oversight for the United States Section of the International Boundary and Water Commission. OIG remains at the forefront of efforts to identify potential savings and cost efficiencies for the Department and BBG, striving to provide timely, relevant, and useful feedback that supports decision makers in strengthening critical programs and operations to promote U.S. interests, as well as strengthening the security of those programs and operations. As detailed in the performance section below, OIG has consistently exceeded its performance target related to the identification of potential savings for the Department and BBG. OIG has exceeded its target in four of the past six years related to acceptance of OIG recommendations by the Department and BBG within targeted timeframes.

Since 2008, OIG has strengthened its oversight of high-cost and high-risk Department activities in South and Central Asia and the Middle East by establishing overseas offices in five countries. The Middle East Region Operations (MERO) Directorate within the Office of Audits, and the Middle East Investigative Branch (MEIB) within the Office of Investigations, dedicate on-the-ground resources, expertise, and oversight to critical Department programs and U.S. interests in the frontline states and other crisis and post-conflict countries. MERO is headquartered in Washington, DC, with temporary satellite offices in Kabul, Afghanistan; Baghdad, Iraq; and Islamabad, Pakistan. MEIB, based in Washington, DC, has a field office in Amman, Jordan, and temporary satellite offices in Baghdad, Iraq, and Kabul, Afghanistan. A fifth overseas office in Cairo, Egypt, will close by the end of FY 2013.

The additional resources requested will sustain these initiatives, and maintain the level of oversight that the size, complexity, and importance of Department and BBG programs demand.

Goals, Priorities, and Challenges for FY 2014

OIG's mandate encompasses all domestic and overseas activities, programs, and missions of the Department and BBG. OIG's overarching goal for FY 2014 is to effect positive change by being a valued resource to the Department and BBG in promoting U.S. interests and sustained leadership, with emphasis on the following:

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- **Relevance:** OIG work will be directed at Department and BBG priorities, including those identified in the Quadrennial Diplomacy and Development Review (QDDR). OIG's work will emphasize critical, resource-intensive programs and operations in the frontline states; global issues; the effectiveness of foreign assistance programs; regional management activities and the use of new technologies and innovative approaches; priority posts and bureaus; and the Department's coordination with other U.S. Government agencies.
- **Value Added:** OIG will recommend actions that correct identified vulnerabilities and result in savings, cost recoveries, funds put to better use, restitutions and fines, prevention of losses, and improved efficiencies and security.
- **Usefulness:** OIG products will assist decision makers in improving programs and making the most effective spending decisions in an environment of increasingly constrained financial resources.
- **Timeliness:** OIG will continually strive to reduce the time for completing its audits, inspections, and reviews by using appropriate technologies to start jobs sooner, finish them more quickly, and disseminate the results broadly and rapidly.

OIG will face several challenges in FY 2014 as it strives to achieve these goals. OIG is a small office, and yet operates on a worldwide basis, with offices in four countries overseas and a complex workforce comprised of Civil Service and Foreign Service personnel, rehired annuitants, contractors, personal services contractors, and locally employed staff. OIG continually adjusts its work plan to juggle competing priorities with respect to mandated audits, inspections, and reviews; planned work that addresses critical priorities of the Department and the Administration; and frequent special requests from external stakeholders such as the Congress. Changing conditions on the ground in crisis and post-conflict regions require frequent adjustments to OIG's plans. The Special Inspector General for Iraq Reconstruction's (SIGIR) scheduled sunset in FY 2013 will result in the transfer of additional oversight responsibilities to OIG. The FY 2014 Request would bring OIG to 262 funded positions relative to its Department-authorized level of 318 positions.

OIG's funding priorities for FY 2014 are to strengthen its focus on the frontline states and other crisis/post-conflict areas, and maintain its core audit, inspection, and investigative capabilities. These funding priorities will enable OIG to sustain its capacity to produce relevant, useful, and timely work that contributes to the highest priorities of the Department, and adds value to its programs and operations.

Strengthening OIG's Presence in the Frontline States and Other Crisis/Post-Conflict Areas

OIG's top priority is to maintain and strengthen its presence in Afghanistan, Iraq, and Pakistan in order to provide dedicated oversight to the Department's critical programs in those countries. OIG also is committed to providing oversight to other crisis and post-conflict areas, and to meeting the anticipated increase in oversight responsibilities in Iraq.

OIG established its overseas offices, at the request of the Department and Congress, to provide dedicated oversight of critical Department activities in the Middle East and South and Central Asia. As Department commitments and expenditure of resources in Afghanistan, Iraq, and Pakistan have grown, OIG's oversight responsibilities have increased correspondingly. OIG will continue to support the Department's critical priorities by providing audit and investigative oversight in the frontline states and other crisis/post-conflict areas, to the extent it has the resources to do so.

SIGIR's closure in FY 2013 will result in an increase in OIG's oversight responsibilities in Iraq. SIGIR received approximately \$19 million in funding in FY 2012. SIGIR's workload, which in 2011 included 24 completed audits and 54 new investigations, will transfer to the Inspectors General of the Department of State, Department of Defense, and U.S. Agency for International Development (USAID). OIG will assume primary oversight responsibility for civilian assistance programs in Iraq, as well as continuing oversight of State operations in Iraq.

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Maintaining OIG's Core Audit, Inspection, and Investigative Capabilities

OIG's second priority is to maintain its ability to fulfill statutory responsibilities and respond to the increasing demands for review of Department and BBG programs, operations, and foreign affairs activities. OIG is facing increased demand for audits and inspections on physical security at high-threat posts in connection with the recent Accountability Review Board assessment of the attack on U.S. facilities in Benghazi, Libya. OIG's mandate includes traditional areas of focus, including security, diplomatic and consular affairs, international broadcasting, administrative and financial management, and information technology. The mandate also includes new initiatives and priorities, as identified in the QDDR and the joint strategic goal framework of the Department and USAID.

OIG as an organization supports all of the Department's strategic goals. OIG's FY 2014 plan reflects its commitment to add value to the Department's mission, meet the needs of Congress and the foreign affairs community, and fulfill OIG's traditional mandate to deter waste, fraud, and mismanagement. OIG is committed to assisting the Department and BBG to strengthen the effectiveness and efficiency of their programs, operations, and initiatives.

As a result of the considerable demands placed on OIG with respect to mandated and requested work, OIG has limited flexibility to redirect existing resources to new priorities or take advantage of programmatic tradeoffs. OIG's Office of Audits workload for FY 2014 is estimated to include 13 congressional and OMB mandated assignments, including annual requirements relating to financial management and information technology security stemming from the *Chief Financial Officers Act* and the *Federal Information Security Management Act*. The Office of Investigations is expected to process an estimated 2,500 Hotline complaints annually by FY 2014, up from 2,248 such complaints in FY 2012, in addition to responding to approximately 4,000 Department and White House name-check requests annually. The Office of Inspections, which also responds to special requests from senior Department management, Congress, and the White House, uses risk assessments in planning its work to ensure the most effective use of its resources. However, there currently are about 85 posts and bureaus that have not been inspected in the past five years.

Performance

OIG's work results in recommendations and monetary benefits that improve overall management, security, and efficiency of programs and operations in the Department and BBG. Security has been and will continue to be a significant focus of OIG's work. Approximately one quarter of OIG reports issued since the beginning of 2012 have addressed security issues.

Monetary benefits from OIG's work result in more effective and efficient use of U.S. taxpayer dollars, and are a primary mandate of the Office of Inspector General. Monetary benefits include potential cost savings, recoveries, questioned costs, funds put to better use, efficiencies, restitutions, and fines. OIG audits, inspections, evaluations, and investigations result in potential and actual cost savings and efficiencies to the Department and the Broadcasting Board of Governors. OIG has consistently exceeded its target for monetary benefits, with \$34 million in monetary benefits in FY 2012 against a target of \$19 million. FY 2011 results for this indicator were \$261.9 million, well exceeding the target of \$17.8 million. Results in 2011 reflect both the unusually large recoveries and joint work with other Federal agencies that are not expected to recur in the future.

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Strategic Goal 7: Build a 21st century workforce; and achieve U.S. government operational and consular efficiency and effectiveness, transparency and accountability; and a secure U.S. government presence internationally								
Strategic Priority		Planning and Accountability through QDDR Implementation						
Active Performance Indicator		Monetary benefits: questioned costs, funds put to better use, cost savings, recoveries, efficiencies, restitutions, and fines						
Prior Year Results and Ratings					FY 2012		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Target	Result and Rating	FY 2013	FY 2014
\$52.6 million	\$23 million	\$26.4 million	\$25.5 million	\$261.9 million	\$19.0 million	\$33.8 million	\$21.5 million	\$22.5 million
N/A	▲ Above Target	▲ Above Target	▲ Above Target	▲ Above Target		▲ Above Target		
Reason for Exceeding Target		The FY 2012 result for monetary benefits was chiefly due to a single large fine of \$7.5 million and monetary benefits of \$7.5 million on one inspection.						
Impact		Monetary benefits reported by OIG represent: (1) actual and potential monetary recoveries to the Department and BBG, and (2) more effective and efficient use of U.S. taxpayer dollars. OIG's performance on this indicator helps the Department achieve its strategic priority of operational efficiency and effectiveness in an environment of constrained resources.						
Methodology		OIG management analysts monitor, follow-up, and report on the status and value of monetary benefits reported by audit, inspection, and evaluation teams. These amounts are entered and their status tracked in OIG's databases for compliance (audits, inspections, and evaluations) and investigations.						
Data Source and Quality		Recoveries, questioned costs, and funds put to better use are based on amounts identified in OIG reports, as agreed to by the agency and tracked in OIG's compliance database. Investigative recoveries reflect court-ordered fines, restitutions, and recoveries based on information received from external prosecutorial and administrative authorities. The Data Quality Assessment revealed no significant data limitations.						

Recommendations are a major product of OIG audits, inspections, and evaluations, and serve as the vehicle for correcting vulnerabilities and realizing positive change in the Department and the Broadcasting Board of Governors. Resolution of recommendations reflects management's willingness to take the actions recommended by OIG to correct identified problems and improve their programs and operations. The percentage of recommendations resolved within six months (inspections) or nine months (audits and evaluations) indicates to what extent management has agreed to take timely action to correct identified problems in line with OIG recommendations, or has identified acceptable alternatives that are expected to result in improved programs and operations.

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Strategic Goal 7: Build a 21st century workforce; and achieve U.S. government operational and consular efficiency and effectiveness, transparency and accountability; and a secure U.S. government presence internationally								
Strategic Priority		Planning and Accountability through QDDR Implementation						
Active Performance Indicator		Percentage of recommendations resolved within the appropriate timeframe (six months for inspections and nine months for audits and evaluations)						
Prior Year Results and Ratings					FY 2012		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Target	Result and Rating	FY 2013	FY 2014
88%	87%	91%	79%	89%	86%	78%	87%	87%
N/A	▲ Above Target	▲ Above Target	▼ Below Target	▲ Above Target		▼ Below Target		
Steps to Improve		The FY 2012 result for percentage of recommendations resolved within appropriate timeframes was chiefly due to staffing shortages in one office. Staff is being put in place.						
Impact		The percentage of recommendations resolved within appropriate timeframes indicates to what extent the Department has agreed to take timely action to correct problems reported by OIG, or identified acceptable alternatives expected to improve operations. OIG's performance on this indicator helps the Department achieve its strategic priority of operational efficiency, effectiveness, & accountability.						
Methodology		The OIG offices assess and track compliance of each recommendation based on ongoing correspondence with the Department, and update each recommendation's status in the compliance database. In addition, each month OIG sends individual Department bureaus a status report of OIG recommendations directed to them. OIG and the bureaus follow up on and reconcile any discrepancies, and the OIG compliance database is updated when necessary.						
Data Source and Quality		The percentage of recommendations resolved within the stated timeframes is derived from information in OIG's compliance database. Recommendations in OIG reports are entered into the database, and their status is updated by the OIG offices that did the work, based on ongoing correspondence with the Department and analysis of Department responses. The Data Quality Assessment revealed no significant data limitations.						

Justification of Request

To support its activities in FY 2014, OIG is requesting \$69.4 million, an increase of \$7.5 million over the FY 2012 Actual. The request includes a shift of \$3.2 million from OCO to Enduring for MERO, and an increase of \$500,000 to maintain the FY 2012 level of activity, including required funding for increased ICASS and in-country support costs associated with activities in the frontline states. The increase also includes funding to fill five authorized, direct-hire positions in Baghdad, Iraq. The five additional positions in Iraq include three MERO auditor positions and two MEIB investigators, which are funded in this request at \$3.8 million, including \$2 million to cover ICASS and security costs in Iraq. (A portion of

OFFICE OF INSPECTOR GENERAL

the additional ICASS and security costs for these positions will be covered by the savings that OIG will realize in current ICASS costs when it closes its Cairo office in 2013.) These positions will allow OIG to accomplish the increased workload in Iraq resulting from SIGIR's anticipated closure, and meet its FY 2014 priority of strengthening its oversight of critical Department programs and operations in that country.

OIG's base request for FY 2014 also includes \$311,000 for training, inclusive of continuing professional education requirements, and \$468,000 for its mandatory contribution to the Council of the Inspectors General on Integrity and Efficiency.

Office of Audits

The Office of Audits consists of two directorates: the MERO and the Audit Directorate. The Audit Directorate is charged with conducting audits and program evaluations of the management, security, and financial operations of the Department and BBG, including their audited financial statements, information security, internal operations, and external activities funded by the Department through contracts or financial assistance. It also conducts annual evaluations of Department and BBG compliance with the Federal Information Security Management Act. The MERO Directorate is responsible for performing engagements within the Middle East Region covering the Bureaus of Near Eastern Affairs and South and Central Asian Affairs, in addition to the general operation of overseas offices in Baghdad, Iraq; Kabul, Afghanistan; and Islamabad, Pakistan.

OIG's FY 2014 Request, as distributed through the Office of Audits, includes approximately \$2.2 million allocated for three positions, including ICASS and support costs, in the MERO Directorate's Baghdad office. These three MERO positions would enable OIG to meet the increased oversight requirements in Iraq. With the anticipated closure of SIGIR in FY 2013, the MERO Directorate will assume primary oversight responsibility for civilian assistance programs in Iraq, as well as continued oversight of high-cost contracts for services such as security, aviation, medical, and life support. The anticipated cost for these programs, as represented by the Department's FY 2014 budget request for State Operations in Iraq, is about \$1.2 billion. MERO's audit work also would assess the transition to a civilian-led mission in Afghanistan, the Department's management of the Pakistan counterinsurgency fund, and the Middle East Partnership Initiative.

Office of Inspections

The Office of Inspections assesses domestic and overseas operations and facilities of the Department and BBG. Inspections review executive direction, policy and program implementation, resource management, and management controls. The Office of Inspections also provides oversight of programs and operations relating to foreign assistance funding, public diplomacy, and Department efforts to counter terrorism worldwide, including Afghanistan, Iraq, Pakistan, and other crisis and post-conflict areas. In addition, the Office of Inspections is frequently tasked with urgent requests for special reviews by the Department, Congress, and the White House. The Office of Inspections will review Department progress in achieving efficiencies, including rightsizing and consolidating Department and other agency platforms overseas, and increasing the use of regional centers. Inspections will continue to provide oversight of priority programs and operations of the Department and BBG, particularly for foreign assistance, information technology, consular programs, economic diplomacy, public diplomacy, and global security.

Office of Investigations

The Office of Investigations, based in Washington, DC, conducts worldwide investigations of criminal, civil, and administrative misconduct related to programs and operations of the Department, BBG, and the United States Section, International Boundary and Water Commission. The office investigates specific allegations, reports, or other information indicating possible violations of law or regulation. Investigative results are referred to the Department of Justice for prosecution, and to the Bureaus of Human Resources

OFFICE OF INSPECTOR GENERAL

and Diplomatic Security, the Office of the Procurement Executive, or other agencies for administrative or other appropriate action. MEIB, also based in Washington, DC, has a field office in Amman, Jordan, and satellite offices in Baghdad, Iraq and Kabul, Afghanistan. MEIB will continue to play a vital role in OIG's investigative oversight of the Department's high-risk, high-cost programs and operations in the Middle East, and South and Central Asia.

The Office of Investigations FY 2014 Request includes approximately \$1.6 million for two investigator positions, including ICASS and support costs, for MEIB's Baghdad office. The two additional investigators in Baghdad would provide increased oversight of the Department's high-risk, high-cost programs in Iraq, and respond to the additional workload resulting from SIGIR's scheduled closure in FY 2013. OIG will continue its increased emphasis on investigations of procurements and grants—including foreign assistance funds—particularly for the Middle East. Oversight is most effective when the investigators have “boots on the ground” where violations occur. OIG's investigative presence in Iraq has resulted in several successful large-scale criminal and civil prosecutions, including \$17 million in recoveries in the past two years, as well as 30 suspension and debarment actions of Department contractors and grantees in the region.

Funds by Program Activity

(\$ in thousands)

Office of Inspector General (OIG)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
Administration and Staff Activities	15,618	15,723	16,287	669
Inspections, Audits, Investigations	43,446	43,723	45,150	1,704
Policy Formulation	2,840	2,837	2,769	-71
Middle East Regional Office	0	0	5,200	5,200
Total	61,904	62,283	69,406	7,502

Funds by Object Class

(\$ in thousands)

Office of Inspector General (OIG)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
1100 Personnel Compensation	39,864	40,143	44,537	4,673
1200 Personnel Benefits	9,416	9,482	10,529	1,113
2100 Travel & Trans of Persons	4,922	4,384	6,125	1,203
2200 Transportation of Things	1,528	2,111	1,014	(514)
2300 Rents, Comm & Utilities	1,004	1,011	1,113	109
2400 Printing & Reproduction	533	535	607	74
2500 Other Services	3,222	3,245	3,560	338
2600 Supplies and Materials	245	246	501	256
3100 Personal Property	723	728	805	82
4100 Grants, Subsidies & Contributions	447	398	615	168
Total	61,904	62,283	69,406	7,502

OFFICE OF INSPECTOR GENERAL

Inspector General Act Reporting

(\$ in thousands)

Appropriation	FY 2014 IG Request to Agency	FY 2014 OMB Request	FY 2014 President's Request	FY 2014 CIGIE Contribution* within President's Request	FY 2014 Training Funds within President's Request
OIG	71,840	72,471	69,406	468	311
SIGAR	50,904	49,650	49,650	128	552
Total	122,744	122,121	119,056	596	863

*CIGIE Contribution – IG contribution to the Council of the Inspectors General on Integrity and Efficiency

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Proposed Appropriation Language

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

For expenses of educational and cultural exchange programs, as authorized, [~~\$586,957,000~~]~~\$562,659,000~~, to remain available until expended: *Provided*, That [not to exceed \$5,000,000, to remain available until expended, may be credited to this appropriation from] *any* fees or other payments received from or in connection with English teaching, educational advising and counseling programs, and exchange visitor programs as authorized *may be credited to this account to remain available until expended*.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR ⁽¹⁾	FY 2014 Request	Increase/Decrease From FY2012
Positions - Enduring	422	422	422	0
Enduring Funds	583,200	586,769	562,659	(20,541)
Overseas Contingency Operations Funds	15,600	15,600	0	(15,600)
Total Funds	598,800	602,369	562,659	(36,141)

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

The Administration has directed the Department to embrace a new era of engagement, based on mutual understanding and mutual respect. The Bureau of Educational and Cultural Affairs (ECA) is a center of excellence and expertise in the U.S. Government for the use of exchanges to achieve U.S. foreign policy goals and increase mutual understanding. International exchanges provide opportunities for people-to-people dialogue between Americans and foreign participants from diverse and varied communities. Exchanges are public diplomacy tools of persuasion and influence, building allies and supporters of U.S. policies and perspectives among key foreign audiences, as well as fostering international understanding and experience among Americans.

ECA programs reach every imaginable type of audience – professionals, academics, students, youth, civil society, media, business leaders, and more. ECA creates programs for urgent, short-notice demands in key countries, as well as oversees decades-old name-brand programs with a near global presence. These programs help sustain long-term alliances and friendships, as well as respond to new opportunities in nations and regions in transition. ECA’s programs complement and build on one another, and leverage alumni as life-long strategic assets with an understanding of the United States and a commitment to international engagement.

ECA promotes U.S. interests at home and abroad by providing foreign participants with unique experiences in America and by giving U.S. citizens an international perspective and a competitive edge in a global market. Exchange programs have become indispensable pillars of strategic dialogues with Brazil, China, India, Indonesia, Iraq, Russia and other countries. Educational and cultural exchanges are central to advancing U.S. interests in strategically vital regions, such as Afghanistan and Pakistan, and transitioning countries of the Middle East.

ECA’s exchange programs are vital tools to expand outreach to women, youth, and underserved communities. ECA programs leverage intense interest in English language learning, and continuing international fascination with U.S. society, culture and values. ECA is developing new strategies to utilize social media and new technology to enhance and expand the impact of exchanges. Through its programs, alumni, and technology, the bureau builds a continuum of U.S. and foreign participants who make lifelong and life-changing connections that lead to mutual understanding and advancement of U.S. foreign policy goals.

ECA stands ready to meet the challenges of the 21st century with proven programming initiatives that provide clear and consistent results in a time of serious resource constraints.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Academic Programs

ECA's academic exchanges impact the entire range of learners and educators, from primary and secondary children learning English, to senior scholars conducting advanced research. ECA academic exchanges help American school teachers gain international experience, and enable underprivileged American undergraduates learn foreign languages abroad. Innovative ECA programs use online resources such as social media to expand the reach and scope of English language learning resources.

Key academic exchange programs include the Fulbright Exchange, which provides U.S. and foreign scholars and students the opportunity to pursue degrees, teach, and conduct research in foreign and U.S. universities. The Fulbright program also covers a host of other more specialized exchanges that support the study of English abroad and foreign languages on U.S. campuses, places fellows in foreign governments, and sends U.S. specialists abroad in a wide variety of fields for short-term collaborations. English language programs help train and develop foreign teachers of English as a second language, send Americans to teach English and train teachers overseas, and provide language learning materials and resources on-line. Educational advising conducts outreach to foreign students to help with the process of applying to U.S. universities and attracting more foreign students to the United States.

Professional and Cultural Exchanges

Professional and cultural exchanges link U.S. and foreign participants in dozens of fields directly tied to U.S. foreign policy goals including science and technology, civil society, media, and more. These exchanges provide foreign participants with a unique opportunity to experience the United States first-hand, whether through experiencing the U.S. on a short term exchange, or interacting with American cultural or sports envoys on tours overseas. The International Visitor Leadership Program brings hundreds of foreign opinion leaders to the United States every year for intensive three-week study tours to meet and confer with their American counterparts and gain firsthand knowledge about U.S. society, culture and politics. Citizen Exchanges unite an extensive network of organizations and experts across different sectors of civil society through professional, youth, cultural, and sports programs. The Professional Fellows program arranges U.S. internships for current and rising leaders from overseas, while facilitating mentoring and linkages with U.S. counterparts. Cultural and sports exchanges leverage global fascination with U.S. culture and society to engage with diverse audiences overseas, especially with youth and underprivileged groups. ECA's youth exchanges provide experiences in U.S. schools for foreign secondary school students, and foreign experiences for U.S. students, resulting in lifelong relationships and international understanding. All of these programs provide unique avenues to engage with societies where direct interaction between Americans and the local population may be infrequent and challenging.

Program and Performance

ECA conducts ongoing performance measurement and independent evaluation projects to ensure that its programs are as impactful and effective as possible. ECA also ensures that alumni of the programs have the opportunity to continue to engage with one another in order to build on their exchange experiences and develop growing and dynamic networks of alumni associations.

Exchanges Support

The exchanges support includes program direction and administration funding for employee compensation and benefits for domestic staff and Regional English Language Officers (RELOs) abroad. It also includes the costs related to implementing U.S. Government exchanges coordination and the Convention on Cultural Property Implementation Act. The Interagency Working Group on U.S. Government-Sponsored International Exchanges and Training seeks to improve the coordination, efficiency, and effectiveness of the 15 federal departments and over 50 independent U.S. Government agencies that sponsor international exchanges and training.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Performance

Educational and cultural programs lead directly to greater knowledge and understanding of the United States and the American people, and to better knowledge and understanding of others. Greater mutual understanding helps build a foundation of trust upon which policy makers can then establish strategic bilateral and multilateral relationships. ECA outreach to current and emerging leaders as well as expanded exchanges with youth, non-elites, religious and ethnic minorities, and women result in more accurate and informed perceptions of the United States. This measure demonstrates the advancement of Public Diplomacy's mission to increase mutual understanding and develop friendly and peaceful relations through people-to-people exchanges.

Strategic Goal 6: Advance U.S. interests and universal values through public diplomacy and programs that connect the United States and Americans to the world								
Strategic Priority		Expand and Strengthen People-to-People Relationships						
Active Performance Indicator		Percentage of participants who increased or changed their understanding of the United States immediately following their program.						
Prior Year Results and Ratings					FY 2012		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Target	Result and Rating	FY 2013	FY 2014
93.00% [Baseline]	95.00%	93%	98.81%	97.03%	93.00%	97.00%	93.00%	93.00%
N/A	▲ Above Target	◀▶ On Target	▲ Above Target	▲ Above Target		▲ Above Target		
Reason for Exceeding Target		Highly strategic program planning, design and implementation, as well as the successful recruitment of program participants from key groups (including current and emerging leaders, youth, non-elites, minorities, and women) led to an increase in knowledge and understanding of the United States that exceeded the target level.						
Impact		This indicator demonstrates the effectiveness of cultural programs in positively reshaping foreign opinions of the United States. The Department uses this data to highlight the correlation between participation in exchange and engagement programs and an understanding of U.S. norms, values, and institutions. This strong foundation is critical to informed policy dialogue with key audiences overseas.						
Methodology		ECA program participants complete pre-, post- and follow-up surveys that collect data on standardized indicators across ECA programs. All performance measurement surveys are designed by performance measurement specialists.						
Data Source and Quality		ECA performance measurement indicator data captured through pre-, post- and follow-up surveys are collected through ECA's specialized online performance measurement system. The Data Quality Assessment revealed no significant limitations.						

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Justification of Request

The FY 2014 Enduring Request is \$562.7 million, a decrease of \$20.5 million or four percent below the FY 2012 Actual level of \$583.2 million. ECA is not requesting OCO funding in FY 2014.

To meet the challenges of decreasing resources as demand for public diplomacy programs continues to rise, ECA will prioritize funding in line with the Department's priorities and ECA's strategic goals. ECA will continue to support the President's "Asia Rebalancing" initiative, and support public diplomacy activities in Africa by shifting resources from other regions. ECA will also promote international understanding with key U.S. strategic partners such as Iraq, Afghanistan and Pakistan, and Arab states in transition.

ECA's Fulbright and English teaching programs will remain critical ECA elements in response to rising worldwide demand for English language ability and access to American education. English language programs that engage underserved and marginalized populations, are one of the Department's most effective public diplomacy tools. The Department will work to maximize the impact of both the Fulbright and English language programs within reduced funding levels in FY 2014.

ECA will continue to support educational advising programs such as EducationUSA advising around the world with reduced funding in FY 2014. Advising programs help the Department respond to the intense interest in U.S. higher education worldwide, an American "export" that contributes more than \$22 billion to the U.S. economy annually. ECA will continue to foster development of American students with foreign language skills and international experience through the Benjamin A. Gilman study abroad scholarship program, which provides financial assistance to financially- disadvantaged U.S. students from underserved sectors to study abroad. This support will contribute to the goals of "100,000 Strong" initiatives in China and the Western Hemisphere aimed at increasing student exchanges.

Professional and Cultural Exchanges such as the Citizen Exchanges Program and the International Visitor Leadership Program fund a broad range of people-to-people exchanges in support of U.S. foreign policy priorities and are key components of the FY 2014 Request. A reduction of funding for Citizen Exchanges programs in FY 2014 will result in fewer youth participants. The International Visitor Leadership Program (IVLP) is at the forefront of ECA's efforts to introduce foreign influencers to U.S. economic, political, and social perspectives. This program works closely with U.S. missions overseas to address bilateral and regional strategic imperatives through tailored exchange projects. In addition, Voluntary Visitor projects allow for rapid response to evolving political situations, crises, and strategic imperatives by connecting emerging foreign leaders to their American counterparts.

The FY 2014 Request realigns some funding under the Special Academic and Professional and Cultural Exchanges. This realignment provides greater flexibility to meet the most important foreign policy objectives of the Department and the Administration and engages priority audiences by focusing resources on the most successful and cost-effective exchange programs. The request consolidates the Regional Graduate Fellowship program with the Fulbright Program to continue support for the Fulbright foreign graduate students in all regions. In addition, the request shifts funding under Special Professional and Cultural Exchanges for the Congress Bundestag Youth Exchange and Mike Mansfield Fellowship Program to the Citizen Exchanges Program line. ECA will continue to conduct rigorous program evaluations under the constraint of flat and reduced funding amid rising costs for professional evaluation projects. Evaluation activities provide data and information to ECA leadership, program offices and stakeholders to ensure ECA programs are as effective and impactful as possible. Finally, the request level includes a one percent cost of living adjustment.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Funds by Program Activity

(\$ in thousands)

(\$ in thousands)	FY 2012 Actual	FY 2013 CR ^{1/}	FY 2014 Request	Increase / Decrease From FY2012
Academic Programs	324,582	326,568	309,837	(14,745)
Fulbright Program	230,430	231,840	232,500	2,070
Students, Scholars, Teachers, Humphrey, Undergraduates	230,430	231,840	232,500	2,070
Global Academic Exchanges	55,482	55,822	55,872	390
Educational Advising and Student Services	12,210	12,285	12,185	(25)
English Language Programs	43,272	43,537	43,687	415
Special Academic Exchanges	38,670	38,907	21,465	(17,205)
Regional Graduate Fellowships	18,570	18,684	0	(18,570)
American Overseas Research Centers	4,000	4,024	4,000	0
South Pacific Exchanges	470	473	350	(120)
Timor Leste Exchanges	470	473	350	(120)
Mobility (Disability) Exchange Clearinghouse	470	473	450	(20)
Benjamin A. Gilman International Scholarship Program	13,040	13,120	10,815	(2,225)
George Mitchell Fellowship Program	470	473	0	(470)
University of Miami Hemispheric Program	470	473	0	(470)
Tibet Fund	710	714	500	(210)
Global University Innovation	0	0	5,000	5,000
Professional and Cultural Exchanges	193,964	195,151	187,912	(6,052)
International Visitor Leadership Program	90,650	91,205	89,242	(1,408)
International Visitor Leadership Program	90,650	91,205	89,242	(1,408)
Citizen Exchange Program	99,425	100,033	98,112	(1,313)
Professional/Cultural/Youth	99,425	100,033	98,112	(1,313)
Special Professional and Cultural Exchanges	3,889	3,913	558	(3,331)
Mike Mansfield Fellowship Program	1,518	1,527	0	(1,518)
Institute for Representative Government	422	425	0	(422)
Irish Institute	867	872	0	(867)
Youth Science Leadership Institute of the Americas	150	151	0	(150)
Ngwang Choephel Fellows (Tibet)	558	561	558	0
Pakistan Literacy Training	374	376	0	(374)
Program and Performance	5,054	5,085	4,751	(303)
Evaluation	1,854	1,865	1,751	(103)
Alumni	3,200	3,220	3,000	(200)
Exchanges Support	59,600	59,965	60,159	559
Total	583,200	586,769	562,659	(20,541)

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Funds by Object Class

(\$ in thousands)

Educational and Cultural Exchange Programs (ECEP)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
1100 Personnel Compensation	38,660	39,394	39,982	1,322
1200 Personnel Benefits	11,398	11,614	11,684	286
2100 Travel & Trans of Persons	10,597	10,663	10,387	(210)
2200 Transportation of Things	61	61	55	(6)
2300 Rents, Comm & Utilities	1,033	1,039	962	(71)
2400 Printing & Reproduction	389	391	336	(53)
2500 Other Services	27,261	26,731	26,527	(734)
2600 Supplies and Materials	377	379	469	92
4100 Grants, Subsidies & Contributions	493,424	496,497	472,257	(21,167)
Total	583,200	586,769	562,659	(20,541)

REPRESENTATION ALLOWANCES

Proposed Appropriation Language

REPRESENTATION ALLOWANCES

For representation allowances as authorized, [~~\$7,484,000~~] *\$7,679,000*.

REPRESENTATION ALLOWANCES

Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR ⁽¹⁾	FY 2014 Request	Increase/Decrease From FY2012
Positions - Enduring	0	0	0	0
Enduring Funds	8,030	7,345	7,679	(351)

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

Pursuant to Section 905 of the Foreign Service Act of 1980, as amended, Representation Allowances permit Ambassadors, principal officers at constituent posts, and other Foreign Service officers with critical contacts in the host country, to obtain partial reimbursement for expenses incurred while on official commission overseas. The development and maintenance of official contacts abroad, either through host-country government official counterparts or through influential host-country private citizens and opinion makers, are a vital tool to diplomats who pursue policy outcomes through dialogue and negotiations that both, convey U.S. foreign policy goals and objectives as well as inform U.S. bilateral and multilateral policies.

Representation Allowances support advancing U.S. foreign policy goals such as economic and environmental security, enabling a dialogue that opens new markets for American products and helps secure jobs and businesses in the homeland. For example, Embassy Beijing hosted bilateral discussions to increase visa reciprocity. Changing reciprocity will greatly increase Chinese businesses and tourism to the United States, and at the same time increase the productivity of consular visa operations. Also, many embassies conduct events in support of strategic economic dialogue facilitating technical discussions on economic issues such as intellectual property rights, and opening markets to level the playing field and help American businesses.

Representation Allowances also help facilitate opportunities to communicate American values to promote a better understanding of U.S. investments in diplomacy and development on a wide range of issues ranging from security to human rights, rule of law, gender equality, to changing climate concerns. Representation Allowances expenses represent a small investment rendering returns potentially valued many times over in terms of policy impact.

Justification of Request

The FY 2014 Request is \$7.7 million, a net \$334,000 increase over FY 2013 CR levels. Representation activities directly contribute to engagement with foreign counterparts, thus enabling the environment for diplomacy, advancing U.S. led development efforts, and aligning with Presidential Policy Directives on global development and with the Quadrennial Diplomacy and Development Review (QDDR).

Major priorities in FY2014 include:

- Seek, develop and promote initiatives and opportunities to deepen economic and trade ties between the United States and Africa through continued support for representational activities at the African Growth and Opportunity Act (AGOA) bi-annual conference;

REPRESENTATION ALLOWANCES

- Support formal and informal opportunities to pursue economic outreach and meetings with key local officials and business communities to increase trade with China and other Asian countries;
- Facilitate bilateral engagement that promote economic growth benefitting both European and American economies on issues such as the climate change, data privacy standards and most importantly on the development of a newly announced US-EU comprehensive economic partnership;
- Continue to support ongoing efforts to effectively manage transitions in frontline states by facilitating coordination with host country officials and with other international donors;
- Foster and maintain stable and productive partnerships in the Western Hemisphere that support critical U.S. national interests as well as enable new opportunities to advance democracy and expand economic ties.

Funds by Object Class

(\$ in thousands)

Representation Allowances (REPA)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
2500 Other Services	8,030	7,345	7,679	(351)
Total	8,030	7,345	7,679	(351)

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

Proposed Appropriation Language

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

For expenses, not otherwise provided, to enable the Secretary of State to provide for extraordinary protective services, as authorized, \$28,200,000, to remain available until September 30, [2014]2015.

TRANSFER OF EXPIRED BALANCES TO THE PROTECTION OF FOREIGN MISSIONS AND OFFICIALS ACCOUNT

SEC. 7059. The Secretary of State may transfer to and merge with "Protection of Foreign Missions and Officials" unobligated balances of expired, discretionary funds appropriated under the "Diplomatic and Consular Programs" heading for fiscal year 2014 and for each fiscal year thereafter, except for funds designated for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, at no later than the end of the fifth fiscal year after the last fiscal year for which such funds are available for the purposes for which appropriated: Provided, That no more than \$50,000,000 may be transferred in any single fiscal year.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR ⁽¹⁾	FY 2014 Request	Increase/Decrease From FY2012
Positions - Enduring	0	0	0	0
Enduring Funds	27,750	27,165	28,200	450

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

Under the Foreign Missions Act (22 USC 4314 et seq.), the Bureau of Diplomatic Security (DS) administers the Department's two programs for the extraordinary protection of international organizations, foreign missions and officials, and foreign dignitaries (under certain circumstances) throughout the United States. These programs are the *Extraordinary Protection of International Organizations, Foreign Missions and Officials in New York*, and the *Extraordinary Protection of International Organizations, Foreign Missions and Officials Elsewhere in the United States*.

These programs fulfill the U.S. Government's obligations under Article 22(2) of the Vienna Convention and other international treaties to ensure security for foreign missions and officials in the United States. When the required level of protection exceeds what local law enforcement authorities can reasonably be expected to provide to foreign missions and officials, international organizations, or certain visiting dignitaries, the two programs allow the State Department to reimburse other Federal agencies, state or local authorities for extraordinary protective services provided or to enter into an agreement with private security firms to provide such services.

Examples of ongoing protective activities funded by these programs include:

- Permanent protection for certain foreign missions, consulates, and chanceries throughout the U.S.;
- Intermittent protection for certain other consulates in the U.S., as dictated by world events;
- Protection for foreign officials and certain other distinguished foreign visitors during the annual United Nations General Assembly; and
- Protection of foreign government officials while visiting metropolitan areas where there are twenty or more full-time consular or diplomatic missions, when these officials are in the United States to conduct official business with the U.S. Government.

The program for *Extraordinary Protection of International Organizations, Foreign Missions and Officials in New York and Surrounding Areas* funds the special security requirements of diplomatic delegations and officials within New York City, including those accredited to the United Nations and other international organizations, and visiting foreign dignitaries under certain circumstances.

The program for *Extraordinary Protection of International Organizations, Foreign Missions and Officials Nationwide* funds the special security requirements of diplomatic delegations and officials, and visiting foreign dignitaries under certain circumstances throughout the United States.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

Performance

The PFMO program has worked closely with local and state law enforcement agencies to decrease the amount of time between the delivery of extraordinary protective services and submission of eligible claims to the Department of State.

Strategic Goal 7: Build a 21st century workforce; and achieve U.S. government operational and consular efficiency and effectiveness, transparency and accountability; and a secure U.S. government presence internationally								
Strategic Priority		Diplomatic Security						
Active Performance Indicator		NEW APP INDICATOR: The percentage of eligible claims for reimbursement of extraordinary protection to local and state law enforcement were paid-in-full as funds are available within the required timelines.						
Prior Year Results and Ratings					FY 2012		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Target	Result and Rating	FY 2013	FY 2014
N/A	N/A	N/A	N/A	N/A	100%	100% ◀▶ On Target	100%	100%
Impact		DS has decreased review and approval time for payment of FY 2012 eligible claims, resulting in the average processing time of invoices to Charleston Payment Center from 14 days for FY 2011 to less than 4 days for FY 2012. All eligible claims for FY 2012 received from local and state law enforcement have been paid within 30 days of receipt.						
Methodology		Through the review of claims submitted by local and state law enforcement to ensure eligibility. Track the invoices processed in Global Financial Management System (GFMS) to ensure payment in 30 days of receipt.						
Data Source and Quality		Information is received from the state and local law enforcement entities that provided extraordinary protection for Foreign Missions and Officials AND are eligible to receive reimbursement as outlined in the statute. Two limitations of the indicator would be the funding level of the program and the claims deemed eligible for extraordinary protection.						

Justification of Request

The FY 2014 Request for PFMO is \$28.2 million, and includes an increase of \$450,000 compared to the FY 2012 Actual level.

The Request provides \$24.4 million to New York City (NYC) and the surrounding areas for providing security protection to diplomatic facilities and the United Nations facility. Any amount not used to reimburse the New York City Police Department (NYPD) and other agencies in New York City and surrounding areas would be applied to valid reimbursement claims from prior years. Current outstanding

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

claims for NYC area police agencies total over \$87.4 million, and are estimated to exceed \$88 million in FY 2013.

The Request also provides \$3.3 million for current security contractual obligations for foreign resident officials and their missions. The additional \$0.5 million will support other localities nationwide which provide extraordinary protection for consulates and visiting foreign dignitaries.

Lastly, the FY 2014 Request also includes legislative language for the Transfer of Expired Balances to the PFMO account. This authority provides the Department the ability to transfer expired unobligated balances, up to \$50,000,000 each fiscal year, from the Diplomatic and Consular Programs account to the PFMO account. The transfer authority would provide additional resources for the reimbursement of state and local governments for eligible costs associated with the protection of foreign missions and officials.

Funds by Object Class

(\$ in thousands)

Protection of Foreign Missions and Officials (PFMO)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
2500 Other Services	27,750	27,165	28,200	450
Total	27,750	27,165	28,200	450

*The FY 2012 Actual includes a transfer of \$750,000 from the D&CP account.

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EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

Proposed Appropriation Language

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE (INCLUDING TRANSFER OF FUNDS)

For necessary expenses to enable the Secretary of State to meet unforeseen emergencies arising in the Diplomatic and Consular Service, [~~\$9,500,000~~]*\$9,652,000*, to remain available until expended as authorized, of which not to exceed \$1,000,000 may be transferred to, and merged with, funds appropriated by this Act under the heading "Repatriation Loans Program Account", subject to the same terms and conditions.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR ⁽¹⁾	FY 2014 Request	Increase/Decrease From FY2012
Enduring Funds	9,073	9,357	9,652	579

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

As authorized by Section 4 of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2671), the Emergencies in the Diplomatic and Consular Service (EDCS) appropriation is a no-year appropriation used to meet unforeseen emergency requirements in the conduct of foreign affairs, including evacuations of personnel and their families overseas, and, in certain circumstances, private U.S. citizens and third country nationals, as well as other authorized activities that further the realization of U.S. foreign policy objectives. The EDCS appropriation is also used for the payment of rewards for information related to international terrorism, narcotics related activities, transnational organized crime, and certain war criminals as authorized by Section 36 of the State Department Basic Authorities Act of 1956 (22 U.S.C 2708) as amended, and by Section 102 of Public Law 105-323, as amended by Public Law 106-277. Funds appropriated for these purposes are authorized to remain available until expended. The FY 2014 Request will provide \$9.7 million for unforeseen emergencies. Additional funding for rewards will, as needed, be drawn from transfers or prior year unobligated balances.

The principal purpose of the EDCS appropriation is to provide the Department with the means to respond immediately to emergencies that arise in the conduct of foreign relations, including the evacuation of personnel and their families overseas. Devastating events worldwide have demonstrated the importance of the EDCS appropriation to protecting American lives overseas. Major events over the last ten years have underscored the need for such extraordinary expenditures including the Arab Spring conflicts and other terrorist incidents in the region, the earthquakes in Japan and Haiti, the evacuation of Lebanon, the tsunami in Southeast Asia, the war in Iraq, the events of September 11, 2001, and the outbreaks of pandemic influenza (SARS, Avian and H1N1 flu).

Additionally, the EDCS appropriation funds certain activities relating to the conduct of foreign affairs by senior Administration officials which generally take place in connection with the U.S. hosting of U.S. government-sponsored conferences, such as the United Nations (UN) and the Organization of American States (OAS) General Assembly, the G-20 Summit, the Nuclear Security Summit, the U.S.-China Strategic and Economic Dialogue, the Asian-Pacific Economic Cooperation (APEC) International Conference, and the NATO and G8 Summits. The EDCS appropriation also funds urgent medical and travel expenses related to natural disasters or terrorist incidents; passport and visa fraud investigations; official visits of foreign dignitaries; travel of Presidential delegations; representational expenses; and other authorized activities that further the realization of foreign policy objectives.

The Rewards category of EDCS covers the Department's Rewards Program which consists of four separate components – Rewards for Justice (RFJ), Narcotics Rewards, Transnational Organized Crime Rewards, and War Crimes Rewards. The program is a valuable asset and has been instrumental in bringing to justice international terrorists, notorious narcotics traffickers, and war criminals sought by the UN International Criminal Tribunals for the Former Yugoslavia and Rwanda.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

Justification of Request

Unforeseen Emergencies and Other Activities: \$9,652,000

The Department's FY 2014 Request of \$9.652 million is a \$579,000 increase from the FY 2012 Actual level.

Demands on this account, although unpredictable, are heavily influenced by evacuations that may occur as a result of natural disasters, epidemics, terrorist acts, and civil unrest. Recent demands include the earthquakes in Japan and Haiti, and the Arab Spring conflicts which resulted in several large-scale evacuations. In FY 2012, evacuations occurred in Damascus, Syria, Bamako, Mali, Tripoli, Libya, Lahore and Karachi, Pakistan, Tunis, Tunisia, and Khartoum, Sudan. In FY 2013, evacuations have occurred in Algiers, Algeria, Bangui, Central African Republic, and Bamako, Mali. \$3.0 million of the Department's request will support potential emergency evacuations.

The EDCS appropriation also funds certain activities relating to the conduct of foreign affairs by senior Administration officials. These activities generally take place in connection with the U.S. hosting of U.S. Government-sponsored conferences, such as the UN and OAS General Assembly, the G-20 Summit, the Nuclear Security Summit, the U.S.-China Strategic and Economic Dialogue, the Asian-Pacific Economic (APEC) Summit, and the NATO Summit. In FY 2012, the Department's EDCS costs for the APEC Summit were approximately \$2 million. The Department funded costs for the G8 and NATO Summits of approximately \$5 million. Travel of Presidential delegations, official visits of and official gifts for foreign dignitaries, Presidential, Vice Presidential, and Congressional travel overseas, and representation requirements of senior Department officials are also funded from EDCS. \$5.7 million of the Department's request will support activities related to the conduct of foreign affairs.

The EDCS account provides funding in support of confidential investigations conducted to counteract passport and visa fraud. A higher volume of investigations and apprehension of groups or individuals involved in the fraudulent issuance of U.S. passports and visas has resulted in increased funding requirements. The Department has an agreement with DOD to fund deployment of a forensics team to investigate disasters, such as plane crashes, at the request of foreign governments. In addition, other highly-sensitive unusual activities such as travel of foreign dissidents, ex gratia payments to foreign nationals, and urgent medical/travel costs in natural disasters or terrorist incidents are funded from the EDCS account. The request includes \$1 million to support activities related to passport and visa fraud investigations and other highly-sensitive matters.

Terrorism, Transnational Organized Crime, Narcotics, and War Crimes Rewards Program: \$0

The FY 2014 Request includes no additional funding for the Rewards Program since the Department anticipates transferring funds from the Diplomatic and Consular Programs (D&CP) prior year expired, unobligated balances to the EDCS account to fund rewards as authorized in the Department of State, Foreign Operations, and Related Appropriations Act, 2008 (Div. J, P.L. 110-161). All rewards under the Rewards Program are funded from the EDCS appropriation in utilizing the D&CP transfer authority. A total of \$64 million has been transferred to EDCS under this authority as of February 2013.

The EDCS account funds the payment of rewards for information on international terrorism, narcotics trafficking, transnational organized crime, and war crimes, as well as provides for the expansion of publicity efforts. Currently, there is over \$750 million in advertised reward offers in the Terrorism,

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

Narcotics and War Crimes Rewards programs: \$495 million for cases concerning terrorist acts; \$185 million for cases concerning narcotics traffickers; and \$70 million for cases concerning war crimes.

The Terrorism Rewards Program, or Rewards for Justice (RFJ) Program, is a valuable asset in the fight against international terrorism. Currently, there are reward offers for information that prevents, frustrates, or favorably resolves acts of international terrorism against U.S. persons or property worldwide, leads to the arrest or conviction, in any country, of terrorists responsible for such acts, or leads to the location of a key terrorist leader.

The Narcotics Rewards Program has been successful in helping law enforcement capture some of the world's most notorious narcotics traffickers responsible for bringing hundreds of tons of illicit drugs into the United States each year.

The War Crimes Rewards Program has been instrumental in bringing to justice fugitives sought by the United Nations International Criminal Tribunals for the Former Yugoslavia (ICTY) and Rwanda (ICTR). The War Crimes program is launching a multi-media publicity campaign in central Africa, where it is believed several of the fugitives may be located.

On January 15, 2013, President Obama signed into law the Department of State Rewards Program Update and Technical Corrections Act of 2012, P.L. 112-283. The enhanced statutory authorities under this law expands the authority for the rewards program to include rewards targeting significant transnational organized crime figures not already included under the existing reward authority, and foreign nationals indicted for war crimes, crimes against humanity or genocide by any international, mixed, or hybrid tribunal (focusing on the crimes rather than specific tribunals). The new Transnational Organized Crime Rewards Program (TOCRP) will build on the success of the existing Narcotics Rewards Program by authorizing rewards for information leading to the arrest or conviction of significant members of transnational criminal organizations involved in activities that threaten national security, such as human trafficking, and trafficking in arms or other illicit goods. Funding for the expansion of the Rewards Program is provided from currently available resources and transfer authorities.

Funds by Object Class

(\$ in thousands)

Emergencies in the Diplomatic and Consular Service (EDCS)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
2100 Travel & Trans of Persons	2,976	3,040	3,000	24
2500 Other Services	6,097	6,317	6,652	555
Total	9,073	9,357	9,652	579

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BUYING POWER MAINTENANCE ACCOUNT

Proposed Appropriation Language

BUYING POWER MAINTENANCE ACCOUNT

None.

BUYING POWER MAINTENANCE ACCOUNT

Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Estimate	FY 2013 Request	FY 2014 Submission	Increase / Decrease
Funds	0	0	0	0

Program Description

The Buying Power Maintenance Account (BPMA) is authorized under section 24 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696) as amended (P.L.110-252). The BPMA is intended to offset adverse fluctuations in foreign currency exchange rates or overseas wage and price changes.

Adverse exchange rate fluctuations erode the Department’s buying power overseas, causing potential operating deficits. In order to maintain planned levels of activity, funds may be transferred from this account to other accounts under the heading “Administration of Foreign Affairs” to offset adverse currency fluctuations and overseas inflationary requirements. Managing factors include the ability to absorb exchange rate losses within the current year financial plan, offsetting gains in other parts of the world, and the balances available versus projections of exchange rate fluctuations in the current and the next budget year. Decisions to transfer exchange rate gains from other accounts under the heading “Administration of Foreign Affairs” into the BPMA are made on a similar basis.

Historically, the BPMA was capitalized at a level of over \$20 million in the mid-1980s, and balances were depleted in subsequent years due to the decline in the value of the dollar against the currencies of virtually every major industrialized country. From FY 1997 through FY 2002, the Department built the fund back up to \$16.7 million through exchange rate gains and the transfer of balances from the former USIA Buying Power Maintenance Account. However, because of significant worldwide losses in the value of the dollar in FY 2003 and FY 2004, the BPMA account was drawn down to zero by the end of FY 2004. The FY 2010 account balance included \$8.5 million in appropriated funds along with \$5 million carried forward from FY 2009 balances. In FY 2011, Congress rescinded \$17 million which was almost half of the BPMA balance of \$35.5 million, and \$18 million was transferred to the Diplomatic and Consular Programs appropriation to offset the \$50.4 million 2011 global wage and price increases. The FY 2011 end of year balance was \$500,000. In FY 2012, the Department transferred \$30.9 million in expired, unobligated balances from FY 2008 and FY 2009/FY 2010 D&CP appropriations to the BPMA. Subsequently, \$30.9 million was transferred from BPMA to the FY 2012/FY 2013 D&CP appropriation to offset adverse currency fluctuations and overseas inflationary requirements. In FY 2013, the Department anticipates \$18 million in expired, unobligated balances will be transferred from D&CP appropriations to the BPMA which will be subsequently transferred to the FY 2013/2014 D&CP appropriation to offset adverse currency fluctuations and overseas inflationary requirements.

Justification of Request

The FY 2014 Request does not include an increase in BPMA total appropriated resources for potential exchange rate losses. The Department will use existing BPMA balances and related transfer authority to manage exchange rate fluctuations that may occur in FY 2014.

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REPATRIATION LOANS PROGRAM ACCOUNT

Proposed Appropriation Language

REPATRIATION LOANS PROGRAM ACCOUNT (INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, [~~\$1,800,000~~]*\$1,700,000*, as authorized, of which [~~\$711,000~~]*\$737,000* may be made available for administrative expenses necessary to carry out the direct loan program and may be paid to "Diplomatic and Consular Programs": *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974.

REPATRIATION LOANS PROGRAM ACCOUNT

Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR ⁽¹⁾	FY 2014 Request	Increase/Decrease From FY2012
Enduring Funds	1,674	1,456	1,700	26

FY 2012 Actual includes \$227,000 transferred from Emergencies in the Diplomatic and Consular Service.

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

As authorized by Section 4 of the State Department Basic Authorities Act, the Department of State's Repatriation Loans program provides emergency loans to assist destitute Americans abroad who have no other source of funds to return to the United States. They include Americans temporarily abroad who are without funds because of unforeseen events such as theft, illness, or accident; individuals suffering from serious physical or mental illness who need to return to the United States for medical care; Americans residing abroad with an alien spouse needing assistance to escape an abusive situation; and individuals caught in a disaster or emergency abroad who need to be removed from harm's way. Approval of a repatriation loan is not based on an applicant's credit worthiness, but rather destitution. State Department repatriation loans are provided for temporary subsistence and transportation to a U.S. port of entry.

When U.S. citizens abroad become destitute and are unable to fund their return home, they may enlist the assistance of the U.S. Embassy or Consulate in the country in which they are stranded. Consular officers first attempt to obtain funds for the person in need from family members and/or friends in the United States. If this cannot be done, the post is authorized in certain circumstances to purchase transportation for direct return to the United States and to provide food and lodging for the period prior to the next available flight, via U.S. carrier whenever possible. The recipient is required to sign a promissory note for the amount of the loan. The length of the repayment is 60 days. The Department of State actively seeks repayment of these loans. To encourage repayment, the recipient's passport is restricted at the time the loan is granted to allow return to the United States only. This restriction remains in effect until the loan is repaid.

The Repatriation Loan Program directly benefits U.S. citizens by providing them with the means to return to the United States if destitute. During FY 2012, 1,068 repatriation loan cases were processed abroad.

FY 2012 Actual Loans Serviced

<u>Region</u>	
Africa	80
Western Hemisphere	375
East Asia/Pacific	236
Europe	238
Near East	119
<u>South Central Asia</u>	<u>20</u>
 Total	 1,068

REPATRIATION LOANS PROGRAM ACCOUNT

Subsidy

Amounts requested for the subsidy funds represent the estimated costs to the U.S. Government of loans that are unlikely to be repaid.

Performance

When U.S. citizens overseas require financial assistance during personal emergencies or times of natural disasters and crises, CA has the authority under 22 U.S.C. 2671(b)(2)(B) to loan funds to "destitute citizens of the United States who are outside the United States" as long as the loans are "made for the [citizens'] return to the United States..." The Department tracks how often a repatriation loan is provided to U.S. citizens who request and qualify for emergency financial assistance, thereby removing them from potentially harmful situations.

Strategic Goal 7: Build a 21st century workforce; and achieve U.S. government operational and consular efficiency and effectiveness, transparency and accountability; and a secure U.S. government presence internationally								
Strategic Priority		American Citizen Services						
Active Performance Indicator		NEW APP INDICATOR: Of those U.S. citizens who request and qualify for a repatriation loan, percentage to whom loans are disbursed.						
Prior Year Results and Ratings					FY 2012		Planned Targets	
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Target	Result and Rating	FY 2013	FY 2014
N/A	N/A	N/A	N/A	N/A	Baseline	100% (Baseline) New Indicator, No Rating	100%	100%
Impact		For all U.S. citizens who are eligible, a repatriation loan will be available to allow for their safe and secure return to the United States.						
Methodology		CA analyzed the volume of repatriation loans requested for fiscal years 2008-2011. All loans "approved" were requests from U.S. citizens who were determined to be eligible for repatriation. Those "denied" were requests from U.S. citizens who either were not eligible, or withdrew their requests for assistance. Loans marked "abandoned" are requests which were terminated for reasons not related to the applicant's eligibility.						
Data Source and Quality		American Citizens Services software, which is the primary "system of record" used by CA and overseas posts to provide services to U.S. citizens overseas. There are no known data quality issues that would compromise confidence in the data.						

REPATRIATION LOANS PROGRAM ACCOUNT

Justification of Request

The FY 2014 Request for \$1.7 million is an increase of \$26,000 over the FY 2012 Actual level. The request will allow the Department of State to subsidize and administer the Repatriation loans program consistent with the guidelines in the Credit Reform Act of 1990.

The FY 2014 Request of \$1.7 million will provide a loan level of up to \$2.7 million (63 percent). For FY 2014, the Department is also requesting continuation of authority within the Emergencies in the Diplomatic and Consular Service account (EDCS) to allow the transfer of up to \$1 million into this account from EDCS if loan requirements exceed the requested level. Further, the Department is considering funding \$737,000 of administrative costs with fees from the Border Security Program.

Funds by Object Class

(\$ in thousands)

Repatriation Loans Program Account (REPAT)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
2500 Other Services	710	710	0	(710)
3300 Investments and Loans	964	746	1,700	736
Total	1,674	1,456	1,700	26

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PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Proposed Appropriation Language

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

For necessary expenses to carry out the Taiwan Relations Act (Public Law 96–8), [\$37,200,000]
\$36,221,000.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR ⁽¹⁾	FY 2014 Request	Increase/Decrease From FY2012
Positions - Enduring	0	0	0	0
Enduring Funds	21,778	21,237	36,221	14,443

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

In 1979, after the United States established diplomatic relations with the People's Republic of China, Congress, via the Taiwan Relations Act (TRA), created the American Institute in Taiwan (AIT) and charged it with the task of fostering strong but non-diplomatic ties between the people of the United States and Taiwan. This responsibility is more important than ever.

AIT serves as the advocate to Taiwan authorities for U.S. political, economic and security interests and analyzes and reports on political and economic events critical to the United States. AIT advances U.S. economic, commercial, scientific, and agricultural interests in Taiwan, including the promotion of U.S. exports. Two-way trade between the United States and Taiwan, the U.S.'s eleventh largest trading partner, totaled \$63.2 billion in 2012 bilateral shipments. Taiwan is the 16th largest export market for U.S. goods, reaching \$24.4 billion in value despite market barrier challenges, and the seventh largest export destination for U.S. food and agricultural products. Sales of services in Taiwan by majority U.S.-owned affiliates were \$9.5 billion in 2010, while sales of services in the United States by majority Taiwanese-owned firms were \$2.0 billion. The United States is Taiwan's largest foreign direct investor (FDI) with a stock of investment totaling \$15.8 billion in 2011, a 27.5 percent increase from 2010, while Taiwan's stock of FDI in the United States is \$5.2 billion as of 2011.

AIT also serves as the platform for significant bilateral defense, security and law enforcement cooperation, supporting border protection and anti-terrorism efforts, and also facilitates significant U.S. defense articles sales to Taiwan. In 2012, Taiwan ranked first in Asia in the value (\$4.73 billion) of U.S. defense articles and services purchased through Foreign Military Sales, and ranked second globally (behind Saudi Arabia).

AIT provides the full range of consular services, including both immigrant and non-immigrant visas as well as American citizen services. Registered Americans living in Taiwan increased 11 percent in 2011, and the United States remained one of Taiwan's most popular tourist destinations, which is expected to increase dramatically with Taiwan's enrollment in the Visa Waiver Program.

AIT participates in broad cultural, scientific, and information exchange programs; strategic media outreach efforts and a touring exhibit on the history of U.S. support for Taiwan have generated positive publicity and enhanced the overall U.S. image. In addition, AIT supports the operations of a wide variety of U.S. agencies by negotiating cooperation agreements on behalf of the United States with its Taiwan counterpart, the Taipei Economic and Cultural Representative Office in the United States (TECRO). AIT's Washington headquarters carries out executive functions and acts as liaison between various U.S. Government agencies and TECRO.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Financial support for AIT operations has come primarily from a line item in the Department of State appropriation and from reimbursements from U.S. Government agencies such as the Departments of Commerce, Agriculture, Defense, Energy and Homeland Security for specific staff positions.

Performance

AIT will work to enhance regional stability by strengthening ties with Taiwan, thereby giving its leaders the confidence to engage the People's Republic of China to further stabilize cross-Strait relations. A robust bilateral relationship with Taiwan also sends a clear signal of continued U.S. engagement in a region of critical strategic importance.

Strategic Goal 1: Counter threats to the United States and the international order, and advance civilian security around the world					
Strategic Priority	Conflict Prevention, Mitigation, and Response				
Active Performance Indicator	NEW APP INDICATOR: Strengthened U.S.-Taiwan Relations, as measured by the annual number of formal talks, formal USG visits to Taiwan, third-party consultations to promote Taiwan's participation in international organizations, and Taiwan's progress towards meeting visa-waiver requirements.				
PRIOR YEAR RATINGS TREND					
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
N/A	N/A	N/A	N/A	N/A	◀▶ On Target
TARGETS AND RESULTS					
FY 2014 Target	At least one U.S. official at a Cabinet level visits Taiwan. The Department allows direct correspondence between USG officials and counterparts in Taiwan. Regular senior interagency talks occur with Taiwan officials. Taiwan gains participation in an international organization where it previously lacked status.				
FY 2013 Target	At least one U.S. official at a Cabinet-level visits Taiwan. Senior-level political-military talks occur. U.S. missions worldwide increase their contacts with Taiwan in line with the new 2012 guidelines. Taiwan is admitted to the Visa Waiver Program. The United States continues to notify to Congress proposed defensive arms sales and services for Taiwan. Taiwan participates in regional and technical meeting of International Civil Aviation Organization (ICAO).				
FY 2012 Target	At least one U.S. official at the equivalent of the Department's Under Secretary level or higher visits Taiwan. The Secretary of State nominates Taiwan as a candidate for the Visa Waiver Program. The Department revises its guidelines for contacts with Taiwan to encourage increased contacts. Taiwan raises the level of its representation in U.S.-Taiwan political-military talks. The United States continues to notify to Congress proposed defense articles sales and services for Taiwan. Taiwan retains its participation in the World Health Assembly (WHA).				
FY 2012 Rating and Result	<p>Rating: On Target</p> <p>Department of Energy Deputy Secretary Poneman, USAID Administrator Shah, Commerce Under Secretary Sanchez and State Assistant Secretary Fernandez visited Taiwan in FY12, giving a strong boost to the bilateral relationship. In December 2011, the Secretary nominated Taiwan as a candidate for entry into the Visa Waiver Program. Taiwan was again invited to participate in the annual assembly of the WHA in 2012.</p>				

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Impact	The visits by senior officials reinforced the strong economic ties between Taiwan and the United States and underscored the improvement in our trade relationship following Taiwan's successful efforts to resolve the beef ractopamine issue.
FY 2011 Rating and Result	Rating: N/A
FY 2010 Rating and Result	Rating: N/A
FY 2009 Rating and Result	Rating: N/A
FY 2008 Rating and Result	Rating: N/A
FY 2007 Rating and Result	Rating: N/A
VERIFICATION AND VALIDATION	
Methodology	AIT annually measures this indicator by tracking the number of formal talks led by State or with State participation; the number of high-level USG visits; progress through State clearance on a DHS-drafted Visa Waiver Program's designation report, and resolution of associated AIT funding challenges upon its implementation; and number of consultations with third parties on support for Taiwan's participation in international organizations.
Data Source and Quality	AIT collects data on the frequency of visits by senior U.S. officials to Taiwan, statements from Taiwan authorities, USG data on the number of Taiwan passport holders traveling to the U.S., evidence of Taiwan's participation in international organizations, and DOD provided data on Taiwan investment in U.S. defense articles and services. Data quality is extremely high as it is derived from AIT and USG data and authoritative statement and actions by Taiwan's senior leadership indicating political will to support U.S. objectives.

Justification of Request

As the steward of the U.S.-Taiwan relationship, AIT must work to ensure that this partnership can adapt to a world in which China is an increasingly dominant and assertive actor. Now is a critical time to increase U.S. engagement with Taiwan, and AIT's appropriation must reflect that priority. Despite improving cross-Strait ties, Beijing remains determined to circumscribe much of Taipei's engagement with the outside world and the United States in particular. Certain areas, particularly security cooperation and anything that might be construed as political engagement with Taiwan will remain especially problematic.

Nonetheless, the U.S.-Taiwan relationship is extraordinarily deep, broad, and complex. The United States must continue to expand its economic, commercial, and scientific relationship with Taiwan, support Taiwan's membership of meaningful participation in international organizations, cooperate to combat transnational crime, ensure the safety of approximately 60,000 Americans on the island, promote the already-strong cultural, educational and personal connections between the two peoples, and put in place the physical infrastructure necessary to ensure AIT is equipped to handle the challenges of the 21st century. In particular, the U.S. must continue to develop a strong, multi-faceted and growing U.S.-Taiwan relationship which promotes cross-Strait dialogue and gives Taipei the assurance to engage confidently with Beijing.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

The Department's FY 2014 Request of \$36.2 million includes \$1.6 million to maintain current services, including \$421,000 for overseas price inflation, \$1 million for locally-engaged staff wage and step increases, and \$103,000 for the U.S. pay raise. The request includes \$3.3 million for Overseas Comparability Pay. The request also includes an increase of \$9.4 million to offset the revenue loss projected to occur now that the Visa Waiver Program (VWP) is in effect. Additionally, this request includes \$700,000 for upgrading AIT's financial management system to provide for increased transparency and oversight of AIT's finances.

The request provides necessary resources to maintain and grow this important relationship in light of reduced income for AIT caused by Taiwan's entry into the VWP in 2012. Visa fees retained by AIT will no longer be sufficient to cover consular activities. The Department is realigning AIT's financial operations in order to apply Border Security Program revenues to cover consular-related costs that exceed AIT's remaining visa revenues.

Funds by Object Class

(\$ in thousands)

Payment to the American Institute in Taiwan (AIT)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
1100 Personnel Compensation	17,256	16,827	19,180	1,924
1200 Personnel Benefits	3,190	3,111	6,390	3,200
2500 Other Services	1,332	1,299	10,651	9,319
Total	21,778	21,237	36,221	14,443

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Proposed Appropriation Language

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

For payment to the Foreign Service Retirement and Disability Fund, as authorized, \$158,900,000.

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR ⁽¹⁾	FY 2014 Request	Increase/Decrease From FY2012
Positions - Enduring	0	0	0	0
Enduring Funds	158,900	158,900	158,900	0

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

This appropriation provides mandatory funding to the Foreign Service Retirement and Disability Fund (FSRDF), financing by 30 annual installments any unfunded liability created by new or liberalized benefits, new groups of beneficiaries, and salary increases. This appropriation is one of several sources of income to the FSRDF. Funding is maintained through contributions by employees; agency contributions; special government contributions, including this program; interest on investments; and voluntary contributions. This account includes the State Department's and the United States Agency for International Development's (USAID) portions of these Foreign Service costs.

This separate payment by the State Department into the FSRDF is authorized by Section 821 of the Foreign Service Act of 1980, as amended, which authorizes appropriations to the Fund, to be paid in 30 annual installments, of the amount required for the unfunded liability created by new or liberalized benefits, new groups of beneficiaries, or increased salaries on which benefits are computed. In addition, Section 822 of the Act authorizes financing of the balance of the normal cost for each fiscal year, an amount equal to the balance of annual costs to the Fund in excess of current employee and employer contributions. As a mandatory program, these resources are not included in the total Department of State (DOS) summary of funds for discretionary appropriations.

Justification of Request

The request funds continuing installments to finance unfunded liabilities created by federal salary increases, the extension of benefits to new groups of employees, by new or liberalized benefits paid from the Fund, and for normal costs not met by employee and employer contributions. The amount of the appropriation is the result of the annual evaluation of the Fund balance based on current statistical data, including Federal pay raise information.

The FSRDF includes the operations of two separate retirement systems - the Foreign Service Retirement and Disability System (FSRDS) and the Foreign Service Pension System (FSPS). The FSRDF was established to provide pensions to all eligible retired and disabled members of the Foreign Service who are enrolled in either of the two systems, and certain eligible former spouses and survivors. The purpose of this appropriation is to maintain the required funding level of the FSRDF. This appropriation is the complementary funding required, in addition to the other sources of funding previously mentioned.

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Funds by Object Class

(\$ in thousands)

Foreign Service Retirement and Disability Fund (FSRDF)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
1235 Foreign Service Retirement	158,900	158,900	158,900	0
Total	158,900	158,900	158,900	0

INTERNATIONAL CHANCERY CENTER

Proposed Appropriation Language

INTERNATIONAL CENTER, WASHINGTON, D.C.

Not to exceed \$1,806,600 shall be derived from fees collected from other executive agencies for lease or use of facilities at the International Center in accordance with section 4 of the International Center Act, and, in addition, as authorized by section 5 of such Act, \$5,970,150, to be derived from the reserve authorized by that section, to be used for the purposes set out in that section and for development, maintenance and security of additional properties for use as [an International Center] *foreign missions* by foreign governments or international organizations.

INTERNATIONAL CHANCERY CENTER

Resource Summary

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR ⁽¹⁾	FY 2014 Request	Increase/Decrease From FY2012
Positions - Enduring	0	0	0	0
Enduring Funds	520	523	5,970	5,450

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

The International Chancery Center (ICC), authorized by the 1968 International Center Act, is a diplomatic enclave located on a 47-acre lot in Washington DC, near the intersection of Connecticut Avenue and Van Ness Street. According to the Act, “[i]n order to facilitate the conduct of foreign relations by the Department of State...through the creation of a more propitious atmosphere for the establishment of foreign government and international organization offices and other facilities, the Secretary of State is authorized to sell or lease to foreign governments and international organizations property owned by the United States.” Under these authorities, the Department has developed and leased parcels of the ICC to 18 foreign governments and one international organization, INTELSAT. By leveraging the exchange of parcels at the ICC, the Department has overcome diplomatic and market hurdles to meet its real estate needs overseas.

Activity at the International Center is funded by fees collected from other executive agencies in accordance with section 4 of the International Center Act and from proceeds from past leases which have been deposited into a trust fund that is drawn upon for development, maintenance, repairs, and security at the site. In addition, this act also authorizes the use of proceeds for surveys and planning related to the development of locations within the District of Columbia for use as foreign chancery and diplomatic purposes.

Justification of Request

The FY 2014 Request of \$5.97 million is an increase of \$5.45 million over the FY 2012 Actual level. Funding needs in FY 2014 include the following:

1. \$535,750 for the annual routine security and maintenance of the ICC.
2. \$2,796,400 for repairs of the ICC infrastructure (sidewalks, streets, curbing, retaining walls, and staircases).
3. \$1,525,000 for planning for development of the former Walter Reed Army Medical Center property as a Foreign Missions Center to be developed under the authorities of the Foreign Missions Act, allowing approximately 20 countries to build new diplomatic compounds with greater security and functionality than existing structures.
4. \$1,113,000 for security at the former Walter Reed Army Medical Center property.

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