

CRS Report for Congress

FY2008 Emergency Supplemental Appropriations for International Affairs

Updated January 24, 2008

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Prepared for Members and
Committees of Congress

FY2008 Emergency Supplemental Appropriations for International Affairs

Summary

Congress approved an FY2008 Consolidated Appropriations Act (H.R. 2764) during the week of December 17, 2007, that included some emergency supplemental funding for international affairs requested by the White House. The President signed the spending measure on December 26 (P.L. 110-161). The White House had submitted emergency supplemental requests to Congress for military operations in Iraq and Afghanistan, and international affairs programs totaling \$196.5 billion. The request was made in two installments — an estimate of additional expenses was sent to Congress with the FY2008 regular budget request in February 2007, and a second amended request was made on October 22, 2007. Of the total, \$6.897 billion consisted of international affairs spending, relating to State Department operations and foreign assistance programs, and included \$350 million in Agriculture Department food aid appropriations. This report analyzes the international affairs portion of the request and tracks related legislative activity.

On February 6, 2007, the Administration sent to Congress its regular FY2008 budget that included \$35.1 billion for international affairs. At the same time, the President sent Congress a separate FY2008 emergency supplemental request of \$3.301 billion for international affairs. On October 22, 2007, the Administration amended its supplemental request with \$3.596 billion in additional spending. While the largest portion of the total request was for State Department operations and foreign assistance in Iraq and Afghanistan, it also included sizeable requests for programs in Mexico, the West Bank and Gaza, North Korea, Sudan, and Pakistan.

The Bush Administration has increasingly requested supplemental funds for international affairs budgets. Some budget experts and others have criticized the Administration for relying too heavily on supplementals, saying that many items have become routine, particularly relating to Iraq and Afghanistan, and should be incorporated into the regular appropriations cycle. The Administration counters that given the nature of rapidly changing overseas events and unforeseen emergencies, it is necessary to make supplemental requests for what it asserts are unexpected and non-recurring expenses.

Some congressional leaders have said that an additional supplemental bill may be considered later in 2008. In the meantime, nearly \$2.4 billion in international affairs funding requested in the supplemental was included in an omnibus FY2008 appropriations bill. H.R. 2764, the State, Foreign Operations, and Related Programs Appropriation bill, was the vehicle used to accommodate 11 outstanding appropriations measures for both regular FY2008 and supplemental funding. The omnibus also included supplemental funding for military operations. For further information, see CRS Report RL34278 *FY2008 Supplemental Appropriations for Global War on Terror Military Operations, International Affairs, and Other Purposes*.

This report will be updated.

Contents

Recent Developments	1
International Affairs Emergency Supplemental Request	2
State Department Operations	3
Congressional Action on State Department Operations	4
Foreign Operations	5
Congressional Action on Foreign Operations	5
Iraq Reconstruction Assistance	7
Administration Supplemental Request for Iraq Reconstruction	7
Congressional Action on Iraq Reconstruction	9
Afghanistan	11
Background	11
The FY2008 Original and Amended Emergency Supplemental Request	11
Congressional Action	13
Pakistan	14
The FY2008 Original and Amended Supplemental Request	15
Congressional Action	15
Sudan	15
FY2008 Additional Emergency Supplemental Request	15
Congressional Action	16
Mexico and Central America	17
West Bank and Gaza	17
North Korea	18
Other Humanitarian Assistance	18
Congressional Action	19
Appendix A. FY2008 Emergency Supplemental Request, State Department and Foreign Operations	20

List of Tables

Table 1. FY2008 Emergency Supplemental State Department	4
Table 2. FY2008 Foreign Operations Emergency Supplemental	6
Table 3. FY2008 Emergency Supplemental Appropriations for Iraq Reconstruction	10
Table 4. Afghanistan Aid, FY2008	14
Table 5. Sudan Emergency Supplemental, FY2008	16

FY2008 Emergency Supplemental Appropriations for International Affairs

Recent Developments

On December 26, 2007, the President signed into law the FY2008 Consolidated Appropriations Act (H.R. 2764/P.L. 110-161; hereafter referred to as the “Act”) providing funding for most government operations for which regular FY2008 appropriations bills — 11 in all — had not been enacted. The measure also included \$2.385 billion in emergency international affairs spending in addition to emergency funds for military operations in Iraq and Afghanistan.

H.R. 2764, the State, Foreign Operations, and Related Programs Act for FY2008, was the vehicle used for the omnibus bill because it had been previously approved by both the House and Senate. The House passed the amended version on December 17, 2007. The Senate took up the House-passed bill the following day and added an additional \$40 billion in emergency military spending for operations in Iraq and Afghanistan in addition to the \$31 billion provided by the House that was restricted to operations in Afghanistan. The House then approved the final version on December 19. International affairs programs comprise Division J of the omnibus bill and include both regular and supplemental appropriations. In order to meet budget targets, appropriations in Division J are subject to a 0.81 across-the-board cut. The reduction does not affect emergency supplemental funds.

Supplemental funds for international affairs in the Act total \$2.385 billion for both State Department operations (\$1.262 billion) and Foreign Operations (\$1.123 billion). The Act also provides supplemental military funding for operations in Afghanistan and Iraq. For more information on all the provisions of the Act, see CRS Report RL34278 *FY2008 Supplemental Appropriations for Global War on Terror Military Operations, International Affairs, and Other Purposes*.

Supplemental funds for **State Department** accounts include:

- \$781.6 million for Diplomatic and Consular Programs — \$575.0 million for operations and \$206.6 million for worldwide security protection;
- \$468.0 million for Contributions to International Peacekeeping for activities in Darfur; and
- \$12.0 million for International Broadcasting.

Supplemental funds for **Foreign Operations** accounts include:

- \$115 million for Global Health & Child Survival;
- \$110 million for International Disaster Assistance;
- \$20.8 million for USAID Operating Expenses for Iraq;
- \$542.6 million for Economic Support Fund;
- \$200 million for Migration and Refugee Assistance;
- \$100 million for Foreign Military Financing; and
- \$35 million for Peacekeeping Operations.

Approximately \$4.5 billion of the President's emergency request remains outstanding. Congressional leaders have stated that an additional supplemental measure could be considered in the spring of 2008. Remaining items include additional sums for foreign aid activities in Iraq and Afghanistan, and a major new counter-narcotics initiative in Mexico and Central America. For State Department operations, outstanding items include additional funds for Diplomatic and Consular Programs security upgrades, and Contributions to International Peacekeeping Activities.

International Affairs Emergency Supplemental Request

On February 6, 2007, the Administration sent to Congress its regular FY2008 budget that included \$35.1 billion for international affairs. At the same time, the President sent Congress an FY2008 emergency supplemental request of \$3.301 billion for international affairs. On October 22, 2007, the Administration amended its supplemental request with \$3.596 billion in additional spending. The total FY2008 emergency supplemental request for international affairs spending amounts to \$6.897 billion. While the largest portion of the total request is for State Department operations and foreign assistance in Iraq and Afghanistan, it also includes sizeable requests for programs in Mexico, the West Bank and Gaza, North Korea, Sudan, and Pakistan.

The State Department estimates emergency supplemental funding needs of \$3.220 billion for Diplomatic and Consular Programs (DCP) in Iraq and Afghanistan, Worldwide Security Upgrades in Afghanistan, staff housing in Afghanistan, Contributions to International Organizations, and Contributions to International Peacekeeping Activities (CIPA) for Darfur. Two-thirds (\$2.1 billion) of the State Department request is for Diplomatic and Consular Program funding for Iraq Operations. Foreign Operations comprise \$3.678 billion, including \$350 million for P.L. 480 food assistance. Nearly half of the total foreign operations package is allocated for assistance in Iraq and Afghanistan.

The Bush Administration has increasingly requested emergency supplemental funds for international affairs budgets. Some budget experts and others have criticized the Administration for relying too heavily on supplementals, and that some items, particularly relating to Iraq and Afghanistan, have become routine and should be incorporated into the regular appropriations cycle. The Administration counters

that given the nature of rapidly changing overseas events and unforeseen emergencies, it is necessary to make emergency supplemental requests for what it claims are unexpected and non-recurring expenses.

State Department Operations¹

In February 2007, the original FY2008 State Department portion of the emergency supplemental request consisted of \$1.882 billion for Diplomatic and Consular Programs, all for operations in Iraq, and \$53 million for Contributions to International Organizations (CIO). The Administration amended this supplemental, adding nearly \$1.3 billion: \$401.4 million for Diplomatic and Consular Programs (DCP), \$160 million for Embassy Security, Construction, and Maintenance (ESCM), and \$723.6 million for Contributions for International Peacekeeping Activities (CIPA). Total emergency funds requested for FY2008 for the State Department's Administration of Foreign Affairs equal \$3.220 billion in addition to the regular budget request of \$7.317 billion for the Administration of Foreign Affairs (**Table 1**).

Currently, the Mission in Iraq consists of more than 1,000 direct-hire Americans representing 12 U.S. government agencies.² For the Diplomatic and Consular Programs account, the Department requested a total of \$2.283 billion, of which \$2.120.6 billion is for emergency needs in Iraq. In addition, \$402.6 million of carryover funds are available, for a total of \$2.523 billion for Iraq operations. Of this sum, \$978.7 million would pay for security needs, such as local guards (\$151.6 million), compound guards (\$164.0 million), regional security (\$167.3 million), personal security details (\$301.4 million), armored vehicles (\$41.2 million), physical and technical security, such as vehicle barriers and bomb detective dogs (\$8.7 million), equipment, such as bullet proof vests, ammunition, and masks (\$6.4 million), other support, such as special agents traveling to Iraq and counterterrorism training (\$28.1 million), and overhead cover protection to bolster rooftops (\$110.0 million). Another \$907.1 million would go toward Provincial Reconstruction Teams (PRTs), paying salaries (\$187.6 million), operations (\$63.8 million), living accommodations and medical support (\$72.1 million), information technology (\$60.3 million), vehicles (\$3.3 million), security (\$516.8 million) and leases of space in Baghdad (\$3.2 million).

The Administration also sought \$162.4 million for worldwide security upgrades in Afghanistan. Of this amount, \$80 million would pay for securing facilities, including overhead (roof) protection; \$38 million would be for high threat protection teams and support for the election process; \$36.5 million would fund unbudgeted security costs for other agencies; and \$7.9 million would buy fully armored vehicles for the embassy and PRTs. Other expenses covered by the FY2008 emergency supplemental request for the Department of State included \$160 million for U.S. staff housing in Afghanistan under the Embassy Security, Construction, and Maintenance account, \$53 million for U.S. assessments for U.N. activities related to combat

¹ Prepared by Susan B. Epstein, Specialist in Foreign Policy.

² For more information, see CRS Report RS21867, *U.S. Embassy in Iraq*.

terrorism, and \$723.6 million for U.S. Contributions for International Peacekeeping activities in Darfur.

Table 1. FY2008 Emergency Supplemental State Department
(millions of U.S. dollars)

Activity	Regular Request FY2008	Original FY2008 Supp. Request	Amended FY2008 Supp. Request	Total FY2008 Supp. Request	Final Supp. H.R. 2764 PL110-161
Total for Administration of Foreign Affairs	7,317.1^a	1,934.6	1,285.0	3,219.6	1,261.6
Diplomatic & Consular	4,942.7	1,881.6	401.4	2,283.0	781.6
Programs Iraq Operations	—	(1,881.6)	(239.0)	(2,120.6)	(575.0)
Worldwide Security Protection	(964.8)	—	(162.4)	(162.4)	(206.6)
Embassy Security, Construction & Maintenance	1,599.4 ^b	—	160.0	160.0	—
Contributions to International Organizations	1,354.4	53.0	—	53.0	—
Contributions to International Peacekeeping	1,107.0	—	723.6	723.6	468.0
Broadcasting	668.2	—	—	—	12.0
Total	9,003.5	1,934.6	1,285.0	3,219.6	1,261.6

a. Includes other funds not listed in this table.

b. Includes worldwide security upgrade funds for embassies.

Congressional Action on State Department Operations. Congress provided both regular funding and supplemental funding for the Department of State and the Broadcasting Board of Governors (BBG) in the omnibus appropriation. The enacted law contains \$1.262 billion in supplemental funds for the Department of State — \$781.6 million for State’s Diplomatic and Consular Programs (D&CP) and \$468.0 million for U.S. Contributions to International Peacekeeping (CIPA). In both accounts, the emergency supplemental amounts are significantly less than what the Administration had requested. Of the \$781.6 million for D&CP, \$575.0 million is specified for Iraq operations and \$206.6 million is for worldwide security protection. The appropriation does not require any specific allocation for the CIPA emergency supplemental funds, although the measure states that “not less than \$550.4 million be used to establish a new United Nations/African Union hybrid peacekeeping mission to Darfur (UNAMID).” According to Department of State officials, \$390 million will be allocated for Darfur and \$78 million for FY2008 U.N. Peacekeeping funds. The remaining \$333.6 million will be allocated by the State Department for Darfur, according to Department sources.

Emergency supplemental funds for the BBG total \$12.0 million in the consolidated appropriation. No funds for international broadcasting were requested in the Administration's emergency supplemental request. While the provision lists general funding allocations for BBG, no requirements for specific allocation of the supplemental funds is mentioned.

Foreign Operations³

The Foreign Operations portion, totaling \$3.678 billion, of the supplemental request was sent to Congress in two tranches. A \$1.367 billion request accompanied the President's budget on February 6, 2007. An amended request for \$2.311 billion, including P.L. 480 food aid, was sent to Congress on October 22nd. Approximately one-third of the request was made up of \$2.217 billion in Economic Support Funds (ESF) for Iraq (\$797 million), Afghanistan (\$834 million), West Bank and Gaza (\$350 million), North Korea (\$106 million), Sudan (\$70 million) and Pakistan (\$60 million). (See **Table 2** for full request.)

Anti-narcotics emergency supplemental funding for FY2008 totaled a requested \$734 million, the largest portion allocated for Mexico and Central America (\$550 million). Migration and Refugee Assistance (MRA) totaled \$230 million, mainly for Iraqi and Palestinian refugees. International Disaster and Famine Assistance (IDFA), totaling \$80 million, would fund programs in Iraq to assist internally displaced persons (IDPs). The request also includes \$5 million for the Afghanistan Presidential Protection Service from the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) account. A \$350 million request for P.L. 480 food aid would support programs in the Horn of Africa, Kenya, Sudan, and a \$30 million contingency fund to anticipate future needs elsewhere.

Congressional Action on Foreign Operations. Congress approved \$1.123 billion in emergency supplemental funds for foreign operations in the omnibus bill in addition to regular FY2008 funding. In many instances, the amounts approved for emergency funds are less than that requested, making it difficult to ascertain what parts of the request will be funded. For example, the White House had requested approximately \$2.2 billion in ESF funds for six recipients, but the legislation is not explicit, in every instance, as to where these funds should be directed, presumably leaving some discretion to the Administration. Supplemental funds approved by Congress include

- \$115 million for Global Health & Child Survival (no CSH funds were requested);
- \$110 million for International Disaster Assistance (\$80 million had been requested for activities in Iraq);
- \$20.8 million for USAID Operating Expenses (\$62 million was requested for operations in Iraq and Afghanistan);
- \$542.6 million for Economic Support Fund (\$2.2 billion had been requested for Iraq Afghanistan, the West Bank and Gaza, Pakistan, North Korea, and Sudan);

³ Prepared by Connie Veillette, Specialist in Foreign Assistance.

- \$200 million for Migration and Refugee Assistance for Iraqi refugees and Palestinian refugees in Lebanon, and the West Bank and Gaza (\$230 million was requested);
- \$100 million for Foreign Military Financing (no FMF funds were requested); and
- \$35 million for Peacekeeping Operations (no PKO funds were requested).

No supplemental funds were provided for counter-narcotics programs requested for Mexico and Central America, and the West Bank and Gaza.

Table 2. FY2008 Foreign Operations Emergency Supplemental
(millions of U.S. dollars)

Country/Account	FY2008 Regular Request	FY2008 Original Request	FY2008 Amended Request	Total Supp. Request	Final ^b Supp HR2764 PL110-161
Afghanistan	1,067.1^a			855.0	na
ESF	693.0	339.0	495.0	834.0	
NADR	21.7	0.0	5.0	5.0	
USAID Operating Expenses	—	16.0	0.0	16.0	
Iraq	391.8^a			1,276.8	na
ESF	298.0	772.0	25.0	797.0	
INCLE	75.8	159.0	0.0	159.0	
IDFA	—	0.0	80.0	80.0	
MRA	—	35.0	160.0	195.0	
USAID Operating Expenses	—	45.8	0.0	45.8	
Mexico — Central America Initiative	220.4^a			550.0	0.0
INCLE	31.7	0.0	550.0	550.0	
West Bank/Gaza	77.0^a			410.0	na
INCLE	3.5	0.0	25.0	25.0	
MRA	—	0.0	35.0	35.0	
ESF	63.5	0.0	350.0	350.0	
Pakistan	785.0^a			60.0	na
ESF	382.9	0.0	60.0	60.0	
North Korea	2.0			106.0	na
ESF	2.0	0.0	106.0	106.0	
Sudan	679.2^a			145.0	na
ESF	245.9	0.0	70.0	70.0	
PL480	245.0	0.0	75.0	75.0	
Horn of Africa/Kenya	—			110.0	
PL480	7.0	0.0	110.0	110.0	0.0
Southern Africa	—			135.0	
PL480	—	0.0	135.0	135.0	0.0
PL480 — Unallocated	1,219.4	0.0	30.0	30.0	0.0
CSH — Unallocated	1,564.3	—	—	—	115.0
FMF — Unallocated	4,536.0	—	—	—	100.0
PKO — Unallocated	221.2	—	—	—	35.0
Total	4,439.9	1,366.8	2,311.0	3,677.8	1,123.4

Notes: Figures do not include State Department Operations. **Acronyms:** ESF-Economic Support Fund; INCLE-International Narcotics Control and Law Enforcement; IDFA-International Disaster and Famine Assistance; MRA-Migration and Refugee Assistance; NADR-Nonproliferation, Anti-terrorism,

Demining, and Related Programs; and PL480-Food for Peace; USAID-U.S. Agency for International Development.

- a. Country totals include other accounts for which supplemental funds were not requested.
- b. Some supplemental funds were not designated in the Joint Explanatory Statement accompanying H.R. 2764 with regard to destination, and are marked as “na.” As more information becomes available, this table will be updated.

Iraq Reconstruction Assistance⁴

Until the passage of the omnibus FY2008 appropriations bill, nearly \$42 billion in U.S. funds had been appropriated to support all facets of Iraq reconstruction. Almost all this funding was appropriated in annual supplemental legislation. For FY2008, the Administration made no request for security assistance in its regular Defense budget proposal, but asked for roughly \$392 million under State and Foreign Operations appropriations. In both the June 2007-approved House and September 2007-approved Senate versions of the FY2008 State and Foreign Operations legislation (H.R. 2764), Congress rejected the Administration request for Iraq. Therefore, funding for Iraq reconstruction in FY2008 was expected to come almost entirely from an emergency supplemental measure.

Administration Supplemental Request for Iraq Reconstruction. The Administration’s FY2008 emergency supplemental appropriations request, revised on October 22, included \$4.9 billion in funding for Iraq reconstruction. Reconstruction aid has two main components — security aid funded with Department of Defense (DOD) appropriations and political/economic/social sector assistance funded with State and Foreign Operations appropriations.

The request for DOD reconstruction appropriations totaled about \$3.7 billion. It would chiefly fund the training and equipping of Iraqi troops under the Iraq Security Forces Fund (ISFF) and reconstruction grants provided under the Commander’s Emergency Response Program (CERP). The CERP allows military civil affairs officers to support a wide variety of economic activities at the local level, from renovating health clinics to digging wells to painting schools, provided in the form of small grants. CERP also funds some infrastructure efforts no longer supported with other U.S. assistance, such as repair or provision of electric generators and construction of sewer systems. Commanders are able to identify needs and dispense aid with few bureaucratic encumbrances.

The October budget revision added a \$100 million request to the DOD-funded Iraq Freedom Fund account for the Task Force to Improve Business and Stability Operations in Iraq. The Task Force, funded at \$50 million under the previous supplemental appropriations legislation, seeks to stimulate the economy and create employment for Iraqi citizens by rehabilitating some of the roughly 200 state-owned enterprises that comprised a large portion of the Iraqi economy prior to the U.S. occupation. News reports have suggested some difficulty with the program, resulting

⁴ Prepared by Curt Tarnoff, Specialist in Foreign Affairs. For more detailed discussion of the U.S. program of assistance to Iraq, see CRS Report RL31833, *Iraq: Reconstruction Assistance*.

from the lack of electricity, the insecure environment, and a lack of enthusiasm from U.S. companies that had been expected to invest in the facilities, among other reasons.⁵

Under the State and Foreign Operations appropriations budget, the FY2008 emergency supplemental request would direct \$1.2 billion toward Iraq — \$797 million in the Economic Support Fund (ESF), \$159 million in the International Narcotics and Law Enforcement (INCLE), and \$195 million in the Migration and Refugee Assistance (MRA), and \$80 million in the International Disaster and Famine Assistance (IDFA) accounts. ESF is the primary source of funding for the assistance provided by the Provincial Reconstruction Teams (PRTs), which have grown under the surge to more than 25, including 15 newly established ePRTs (embedded PRTs) embedded with U.S. combat battalions and concentrated mostly in Baghdad and Anbar province. The ePRTs are intended to help stabilize areas secured by U.S. and Iraqi forces. PRTs are expected to help stabilize an area by supporting local small-scale, employment-generating, economic projects, using ESF-funded community development grants, job training and micro-loan programs, among other activities. PRTs also utilize ESF to increase the capacities of local government officials to spend Iraqi-owned capital funds allocated by the Iraqi government for infrastructure programs. At the national level, ESF supports Ministerial capacity development, agriculture and private sector reform, and the strengthening of democratization efforts.

The October budget revision added another \$25 million to the ESF supplemental request and proposed authorization language to allow the Administration to establish a new Iraq enterprise fund based on the model created for east Europe and the former Soviet Union. Enterprise funds are U.S. government-funded private sector-run bodies that primarily provide loans or equity investments to small and medium business. In the former communist countries, enterprise funds also encouraged growth of the private sector, including support for mortgage lending markets and establishment of private equity funds. The most successful example, the Polish Fund, made many profitable investments, helping companies grow that otherwise were unable to obtain financial support in the period just after the fall of communism. Some of the funds, however, have been much less successful, either by taking on poor investment risks, or unable to locate promising businesses because of the poor business climate or competition from other private sector funding sources. Some observers question the usefulness of the funds because their ostensible development purpose seems often to conflict with pressures for economic profit.

The INCLE account largely would support rule of law and corrections programs. The Administration request was expected to fund prison construction, something that Congress has sometimes cut from previous requests. The request was also intended to extend judicial reform and anticorruption efforts to the provinces. The MRA request would address the continuing refugee crisis in the region; an estimated 2.0 million Iraqis have fled the country and another 2.2 million have been displaced due

⁵ “U.S. Falters in Bid to Boost Iraqi Business,” *Washington Post*, August 24, 2007; “In Iraq, One Man’s Mission Impossible,” *CNN Money.com*, September 4, 2007.

to sectarian violence and instability. The IDFA program would provide medical care, food, shelter and other relief to refugees and displaced people.

FY2008 emergency funds were also requested for operational costs (not included in the reconstruction aid total or in **Table 8**) for staffing and administering reconstruction programs: \$679 million for PRT and \$45.8 million for USAID operations.

Congressional Action on Iraq Reconstruction. In its consideration of the regular and supplemental requests for Iraq reconstruction, Congress treated the two facets of reconstruction — security and economic — quite differently. On the one hand, Congress did provide a substantial part of the Administration's Defense appropriations supplemental request for security reconstruction aid. It appropriated half of the request for the Iraq Security Forces Fund and nearly half of the request for the CERP. It also provided sufficient funding to support the request under the Iraq Freedom Fund for the Task Force that subsidizes the activities of Iraqi state-owned enterprises.

On the other hand, with a few discrete exceptions — all involving humanitarian programs — Congress, in section 699K of Division J (the State and Foreign Operations part of the omnibus appropriations), specifically rejected almost all regular or supplemental economic assistance to Iraq. It approved efforts to fund humanitarian demining (drawing on regular NADR funds), assist refugees and internally displaced persons (drawing on supplemental MRA funds), and offer disaster relief (drawing on supplemental IDFA funds), and it provided \$5 million (pre-rescission) for the Marla Ruzicka War Victims Fund, and \$10 million (pre-rescission) for the rescue of Iraqi scholars (drawing on regular ESF funds).

In the end, Congress appropriated 24% of the total International Affairs budget supplemental request for Iraq reconstruction. The nearly \$1 billion shortfall in the supplemental request for ESF and INCLE funds will likely be considered when the second tranche of the FY2008 supplemental is deliberated in 2008. But, until then, U.S. funding for PRT operations and programs and a wide range of other programs designed to support the surge and enhance the capacity of the Iraqi government to address its own social needs will have to rely on previously appropriated funds.

**Table 3. FY2008 Emergency Supplemental Appropriations
for Iraq Reconstruction**
(millions of U.S. dollars)

International Affairs (Budget Function 150 Accounts)		
	Administration Request	H.R. 2764 (PL110-161)
Economic Support Fund (ESF)	797.0	0.0 ^c
International Narcotics Control and Law Enforcement (INCLE)	159.0	0.0 ^d
Migration and Refugee Assistance (MRA)	195.0	195.0 ^e
International Disaster and Famine Assistance (IDFA)	80.0	80.0 ^f
TOTAL 150 Account	1,231.0	290.0
Department of Defense (Budget Function 050 Accounts)		
Iraq Security Forces Fund (ISFF)	3,000.0	1,500.0
Commander's Emergency Response Program (CERP)	609.7 ^a	250.0 ^g
Iraq Freedom Fund (for Task Force to Improve Business)	100.0	100.0 ^h
TOTAL 050 Account	3,709.7	1,850.0
GRAND TOTAL 150 & 050	4,940.0^b	2,140.0

Sources: Department of State and DOD FY2008 Congressional Budget Justifications; H.R. 2764.

- a. The total CERP request of \$1,219.4 million is for both Iraq and Afghanistan. The amount included here assumes that half will be used in Iraq.
- b. Not included are requests of \$45.8 million in USAID Iraq operational expenses (OE) and \$679 million for PRT OE. H.R. 2764 provided USAID with \$20.8 million in OE. Appropriated amounts provided for PRTs were combined with Embassy OE (total \$575 million).
- c. \$5 million and \$10 million in ESF were appropriated respectively for War Victims Fund and for Iraqi scholar rescue. Assumes these sums will come from regular FY2008 appropriations.
- d. No funds provided.
- e. Unspecified amount can be drawn from total supplemental MRA appropriation of \$200 million (total account request was \$230 million). Table assumes request level is met.
- f. Total supplemental IDFA appropriation request was \$80 million. H.R. 2764 provides \$110 million for Iraq and other countries affected by disasters.
- g. Up to \$500 million from any Defense account can be used for both Iraq and Afghanistan CERP. The amount here assumes half will be used in Iraq.
- h. The Task Force is not specifically earmarked, but the account is funded well over the request.

Afghanistan⁶

Background. Afghanistan's political transition was completed with the convening of a parliament in December 2005, but in 2006 insurgent threats to Afghanistan's government escalated to the point that some experts began questioning the success of U.S. stabilization efforts. In the political process, a new constitution was adopted in January 2004, successful presidential elections were held on October 9, 2004, and parliamentary elections took place on September 18, 2005. The parliament has become an arena for factions that have fought each other for nearly three decades to debate and peacefully resolve differences. Afghan citizens have started to enjoy new personal freedoms, particularly in the northern and western regions of the country, that were forbidden under the Taliban. Women are participating in economic and political life, including as ministers, provincial governors, and senior levels of the new parliament. The next elections are planned for 2009.

The insurgency led by remnants of the former Taliban regime escalated in 2006, after several years in which it appeared the Taliban was mostly defeated. U.S. and NATO military commanders have had recent successes in counter-insurgency operations, but the Taliban continues to present a considerable threat to peace and security in parts of Afghanistan. Slow reconstruction, corruption, and the failure to extend Afghan government authority into rural areas and provinces, particularly in the south and east, have contributed to the Taliban resurgence. In recent months, political leadership in the more stable northern part of the country have registered concerns about distribution of reconstruction funding. In addition, narcotics trafficking is resisting counter-measures, and independent militias remain throughout the country, although many have been disarmed. Also, the Afghan government and U.S. officials have said that some Taliban commanders are operating from Pakistan, putting them outside the reach of U.S./NATO forces in Afghanistan. In 2007, the Administration unveiled a new initiative, Reconstruction Opportunity Zones (ROZ) in Afghanistan and the border regions with Pakistan to stimulate economic activity in underdeveloped, isolated regions.

The United States and partner stabilization measures focus on strengthening the central government and its security forces and on promoting reconstruction while combating the renewed insurgent challenge. As part of this effort, the international community has been running PRTs to secure reconstruction. Despite these efforts, weak provincial governance is seen as a key obstacle to a democratic Afghanistan and continues to pose a threat to reconstruction and stabilization efforts.

The FY2008 Original and Amended Emergency Supplemental Request. The Administration requested a total of \$355 million in the FY2008 emergency supplemental funds for Afghanistan in February 2007. These included ESF (\$339 million) and security requirements for USAID (\$16 million). The Administration amended the FY2008 supplemental request, increasing it by \$483.4 million (for a total request of \$838.4 million), which included several provisions

⁶ Prepared by Rhoda Margesson, Specialist in International Humanitarian Policy, and Kenneth Katzman, Specialist in Middle Eastern Affairs.

intended to continue U.S. efforts to stabilize Afghanistan and continue economic reconstruction efforts, but most of the increase was for embassy operations and security⁷ (see **Table 4**).

Key elements of the FY2008 emergency supplemental request included \$495 million in Economic Support Funds (ESF) for democratic governance and reconstruction efforts to continue security and development strategy (an increase of \$156 million over the original FY2008 emergency supplemental request of \$339 million), which would be allocated as follows:

- \$275 million would be used to strengthen provincial governance and responsiveness to the Afghan people. Funding would support a wide range of programs, preparation activities for the 2009 election and ongoing programs, such as the National Solidarity Program (\$40 million), the Afghanistan Reconstruction Fund (\$25 million), and the Provincial Governance Fund (\$50 million);
- \$50 million would be used as part of an effort to invest in basic social services, such as health and education, particularly in rural areas; and
- \$170 million would be made available for economic growth and infrastructure, including the development of power sector projects (\$115 million); road projects (\$50 million) focused on those segments that are of strategic military importance and provide key connections between the central and provincial government capitals; and funding to support Reconstruction Opportunity Zones (\$5 million) in designated economically isolated areas and create employment alternatives.

In addition to the ESF funding, the request includes:

- \$162.4 million to support Diplomatic and Consular Programs (DCP) in Afghanistan as part of a worldwide security upgrade in the Global War on Terror. Allocations of this request would go for security operations (\$38 million); secure facilities (\$80 million); other agencies' unbudgeted security costs (\$36.5 million); and fully armored vehicles (\$7.9 million);
- \$160 million to support embassy security, construction and maintenance, mainly housing for U.S. mission staff in Afghanistan;

⁷ Funding figures obtained from the FY2008 Revised Emergency Proposal dated October 22, 2007; the proposed Budget for Fiscal Year 2008 ("Additional 2007 and 2008 Proposals") submitted in February 2007; and the Supplemental Appropriations Justification Fiscal Year 2008 prepared by the Department of State and USAID.

- \$5 million in Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR) to support the Afghan leadership through the Presidential Protection Service;
- \$53 million for Contributions to International Organizations (CIO) to pay U.S. assessments toward the U.N. Assistance Mission in Afghanistan (UNAMA) and the U.N. Assistance Mission in Iraq (UNAMI), both of which are paid for out of the U.N. regular budget (and the United States' obligation is 22 percent); and
- \$16 million for FY2008 security requirements for USAID operations in Afghanistan. This item was part of the FY2008 emergency supplemental request.

Congressional Action. Congress included emergency supplemental funding in the omnibus FY2008 appropriations bill (H.R. 2764, P.L. 110-61). Of the emergency supplemental funds, it is unclear how much of each account will be allocated to Afghanistan. Under ESF, \$542.57 million is designated an emergency for urgent assistance requirements in the West Bank, North Korea, Jordan, and Afghanistan. In Afghanistan, it is unclear whether this includes \$75 million to benefit women and girls, a \$300 million limit subject to counter-narcotics cooperation certification, or \$10 million in P.L. 480 Title II food aid. It is also unclear whether any other infrastructure items requested in the emergency supplemental under ESF will be funded.

Table 4. Afghanistan Aid, FY2008
(millions of U.S. dollars)

Activity (appropriation account)	Regular FY2008 budget Request	Original FY2008 Supp Request	Amended FY2008 Supp Request	Total FY2008 Supp Request	Final ^a Supp H.R. 2764 PL110-161
Infrastructure aid (ESF)	693.0	339.0	495.0	495.0	na
U.S. mission security (DCP)	—	—	162.4	162.4	na
U.S. Embassy Security, Construction, Maintenance	—	—	160.0	160.0	na
USAID mission security (OE)	—	16.0	—	16.0	na
Nonproliferation (NADR)	21.7	—	5.0	5.0	—
Narcotics/ Law Enforce. (INCLE)	274.8	—	—	—	—
Health (CSH)	65.9	—	—	—	—
Military Education (IMET)	1.7	—	—	—	—
Total	989.5	355.0	822.4	838.4	na

Source: FY2007 and FY2008 budget materials.

Notes: Data in this table reflect ongoing and FY2008 proposed funding for programs the same as or similar to those requested in the FY2007 supplemental. The **total** line does not represent total aid or mission operations for Afghanistan. Excluded from this table is proposed funding requested for FBI operations in Afghanistan. P.L. 480 - Title II emergency food aid funds are included in a total appropriation of \$200 million available for missions in Afghanistan and parts of Africa.

Acronyms: ESF-Economic Support Fund, MRA-Migration and Refugee Assistance, DCP-Diplomatic and Consular Programs, OE-Operating Expenses, NADR-Nonproliferation, Anti-terrorism, Demining, and Related Programs, and INCLE-International Narcotics Control and Law Enforcement, IDFA-International Disaster and Famine Assistance, CSH-Child Survival and Health, and IMET-International Military Education and Training.

a. Some supplemental funds were not designated in the Joint Explanatory Statement accompanying H.R. 2764 with regard to destination, and are marked as “na.” As more information becomes available, this table will be updated.

Pakistan⁸

The Federally Administered Tribal Areas (FATA) are considered strategically important to combating terrorism while continued terrorist and militant activities in the frontier region remain a threat to U.S. interests in Afghanistan. The Government of Pakistan has developed a FATA Sustainable Development Plan to be implemented over 10 years. In support of this plan, the State Department and the U.S. Agency for International Development have put forward a five-year \$750 million development

⁸ Prepared by Rhoda Margesson, Specialist in International Humanitarian Policy.

assistance strategy for the frontier region (a pledge of \$150 million per year) that complements the Government of Pakistan's plan.⁹ The Frontier Strategy objectives are to improve economic and social conditions in the Federally Administered Tribal Areas in order to address the region's use by terrorists and militants. Programs would include governance, health and education services, and economic development, such as agricultural productivity, infrastructure rehabilitation, credit, and vocational training.

On November 4, 2007, President Musharraf imposed emergency rule and suspended Pakistan's constitution. In light of these events, the Administration announced a review of U.S. assistance. On December 27, opposition figure Benazir Bhutto was assassinated.

The FY2008 Original and Amended Supplemental Request. The Administration did not request funding for Pakistan in its original FY2008 emergency supplemental request in February 2007. The FY2008 regular budget request asked for \$90 million for the frontier region development plan, which left a gap of \$60 million in the overall U.S. pledge of \$150 million. The FY2008 additional supplemental request for \$60 million in Economic Support Fund would address this funding gap and meet the full pledge as follows: Investment in governance and planning (\$13 million); health and education programs (\$15 million); and local economic development (\$32 million). The \$60 million emergency supplemental request is in addition to the \$785 million requested in the regular FY2008 budget from various accounts.

Congressional Action. Congress included emergency supplemental funding in the omnibus FY2008 appropriations bill (H.R. 2764, P.L. 110-61). Congress included a total of \$542.6 billion in emergency ESF funds. As bill language and the Joint Explanatory Statement did not specify an allocation for Pakistan, it is unclear how much of the \$60 million request will be funded.

Sudan¹⁰

The Administration sought a total of \$868.6 million in emergency supplemental funds for Sudan, most of which would be for humanitarian and peacekeeping support in the Darfur region. No funding was requested for Sudan in the original FY2008 emergency supplemental, but the country is scheduled to receive \$321 million for assistance in the regular FY2008 budget.

FY2008 Additional Emergency Supplemental Request. Major elements of the FY2008 additional emergency supplemental included the following:

- A \$70 million request in ESF funds for Sudan to support upcoming national elections that are to take place before July 2009, according to the 2005 Comprehensive Peace Agreement between north and

⁹ For more detail on Pakistan, see CRS Report RL33498, Pakistan-U.S. Relations.

¹⁰ Prepared by Rhoda Margesson, Specialist in International Humanitarian Policy.

south Sudan. Part of the effort will focus on strengthening political parties, drafting the electoral law, supporting an electoral commission, promoting civic education, and supporting election-related institutions and processes. The United Nations estimates that the elections could cost nearly \$400 million because of the logistical hurdles in conducting elections in a post-conflict environment;

- \$75 million for additional food assistance (P.L. 480, Title II) in the Darfur region of Sudan and for those displaced in Eastern Chad.
- \$723.6 million in support of the U.N. Assistance Mission in Darfur (UNAMID). The U.N. assessment for the Darfur peacekeeping force is estimated to be \$3.4 billion in 2008. (The U.S. share will be approximately \$884 million.) The President has already requested \$391.1 million for the existing U.N. mission in Sudan (UNMIS), but based on the 2007-2008 U.N. peacekeeping budget, the U.S. share will be \$280 million in FY2008. This leaves approximately \$160 million for UNAMID, which represents a shortfall of \$724 million.

Congressional Action. Congress included emergency supplemental funding in the omnibus FY2008 appropriations bill (H.R. 2764, P.L. 110-61). It is unclear how much of the consolidated appropriation is designated as emergency funding for Sudan. Approximately \$1 billion will be appropriated to Sudan in total, of which \$209 million is for critical humanitarian and peacekeeping programs in Darfur and \$550 million is to support the UN Mission to Darfur (UNAMID). The Administration has reported its intention to allocate \$390 million in Contributions to International Peacekeeping (CIPA) funds for Darfur.

Table 5. Sudan Emergency Supplemental, FY2008
(millions of U.S. dollars)

Activity (appropriation account)	FY2008 Regular Request	FY2008 Original Supp Request	FY2008 Amended Supp Request	FY2008 Supp Request Total	Final ^a Supp H.R. 2764 PL110-161
PL480, Title II food aid	—	—	75.0	75.0	—
AMIS (PKO)	41.4	—	—	—	—
U.N. peacekeeping mission/Darfur (CIPA)	—	—	723.6	723.6	390.0
Economic Support Fund (ESF)	245.9	—	70.0	70.0	na
Foreign Military Financing (FMF)	0.1	—	—	—	na
Military Education/Training (IMET)	0.3	—	—	—	—
Narcotics Control/Law Enforce. (INCLE)	24.0	—	—	—	—
Nonprolif./Anti-terrorism/Demining	4.0	—	—	—	—
Total	\$315.7	\$0.0	\$868.6	\$868.6	na

Source: FY2007 and FY2008 budget materials. In addition, as part of the FY2007 supplemental request, the Administration requested transfer authority from CIPA to PKO.

Notes: Data in this table reflect ongoing funding for programs similar to those requested in the FY2006 and FY2007 supplementals. The **Total** line does not represent total aid or mission operations for Sudan. FY2007 ERMA funds include a total appropriation of \$30 million available for places such as Somalia, Chad, West Bank/Gaza, Iraq and Sri Lanka. The funds could also support planning for Darfur refugee flows to Chad. PKO funds include an additional appropriation of \$128 million to support anticipated peacekeeping in Africa, including Darfur.

Acronyms: IDFA-International Disaster and Famine Assistance, MRA-Migration and Refugee Assistance, AMIS-African Union Mission, PKO-Peacekeeping Operations, CIPA-Contributions to International Peacekeeping Activities, DCP-Diplomatic and Consular Programs, ESF-Economic Support Fund.

- a. Some supplemental funds were not designated in the Joint Explanatory Statement accompanying H.R. 2764 with regard to destination, and are marked as “na.” As more information becomes available, this table will be updated.

Mexico and Central America¹¹

The emergency supplemental request included \$550 million to meet the first installment of a reportedly \$1 billion-plus anti-narcotics package for the Mexico and Central America Security Initiative. Composed entirely of funds from the International Narcotics Control and Law Enforcement Account (INCLE), the initiative is to address criminal gang and drug trafficking activities and to support improved justice systems and rule of law programs. Mexico would see \$500 million of the initial package for border security technology and transport for law enforcement and to improve judicial and prison systems. Countries in Central America would receive \$50 million to improve border security, deter the smuggling of drugs, arms, and persons, and improve the justice sector and gang prevention programs. Regular funding for Mexico totaled \$65.4 million in FY2007 and a requested \$45.1 million in FY2008. The countries of Central America received \$134.8 million in FY2007 and are proposed to receive \$146.5 million in FY2008. Congress did not include this request in the FY2008 omnibus act.

West Bank and Gaza¹²

The FY2008 emergency supplemental request included \$375 million to support the Palestinian Authority (PA) government. The focus is on rule of law, economic growth, and governance issues. The supplemental request was in addition to \$77 million requested in the regular FY2008 budget and comes after a new PA government was formed without Hamas control. Consisting largely of ESF funds, \$40 million is to address governance issues, \$20 million would improve health care services, \$130 million is to support job creation, infrastructure, trade and investment, and agriculture programs, and \$150 million would consist of budget support in the form of a cash transfer. An additional \$25 million in INCLE funds would be used to train and equip the Presidential Guards and National Security Force, and \$35

¹¹ Prepared by Connie Veillette, Specialist in Foreign Assistance. For more information, see CRS Report RL34215, *Mexico's Drug Cartels*, and CRS Report RL32724 *Mexico-U.S. Relations: Issues for Congress*, by Colleen Cook.

¹² For more information, see CRS Report RL34074 *The Palestinian Territories: Background and U.S. Relations*, and CRS Report RS22370 *U.S. Foreign Assistance to the Palestinians*.

million in MRA funds would be for Palestinian refugees in the West Bank and Gaza and in refugee camps in Lebanon.

Congress included \$542.6 million in emergency ESF but did not allocate those funds by country. No emergency INCLE funds were provided. A total of \$200 million in emergency MRA was provided; the request was \$230 million, which included \$35 million for the West Bank and Gaza.

North Korea¹³

The Administration proposed \$106 million in ESF funds for North Korea as a result of commitments made as part of the Six Party Talks. In February 2007, North Korea agreed to shut down and eventually abandon the Yongbyon nuclear facility, to allow International Atomic Energy Agency monitors back in the country and to disable all existing nuclear facilities. In return, the United States and other Six Party Talks members (South Korea, China, Russia and Japan) agreed to provide 1 million metric tons of heavy fuel oil, or the equivalent in other assistance, as North Korea meets its commitments. The U.S. share is one-quarter of the 1 million metric tons, or equivalent assistance. The total cost for the U.S. commitment is \$131 million. The President authorized \$25 million in FY2007 supplemental funds, leaving \$106 million that would be provided with the FY2008 supplemental funding.

The omnibus bill provided \$53 million in ESF funds for North Korea but does not designate them as emergency.

Other Humanitarian Assistance¹⁴

Although proposed aid packages for specific countries anticipate and identify some humanitarian needs, the Administration also seeks funding for what its describes are unmet or unforeseen humanitarian needs. Total funding is provided by account with details on countries and activities:

- \$350 million in additional P.L. 480 - Title II assistance to meet emergency food needs in the Darfur region of Sudan (\$75 million) and elsewhere worldwide, including places such as southern Africa (\$135 million), and the Horn of Africa and Kenya (\$110 million);
- Contingency funding (\$30 million) is requested for possible needs elsewhere, including West Bank/Gaza and South Asia;
- \$80 million for International Disaster and Famine Assistance (IDFA) to support humanitarian assistance to internally displaced populations in Iraq and their host communities; and

¹³ For more information, see CRS Report RL33590, *North Korea's Nuclear Weapons Development and Diplomacy*.

¹⁴ Prepared by Rhoda Margesson, Specialist in International Humanitarian Policy.

- \$230 million for Migration and Refugee Assistance (MRA) for anticipated and unanticipated refugee and migration emergencies. \$195 million is requested for humanitarian assistance to Iraqi refugees. (This is an increase of \$160 million for Iraqi refugees; \$35 million was requested in the earlier version of the FY2008 emergency supplemental request.) In addition, \$35 million is requested for the emergency needs of Palestinian refugees in Gaza and West Bank, and for Palestinian refugee camps in Lebanon.

Congressional Action. Congress included emergency supplemental funding in the omnibus FY2008 appropriations bill (H.R. 2764, P.L. 110-61). It is unclear in a number of accounts how much of the consolidated appropriation is designated as emergency funding. The act included \$432.35 for International Disaster Assistance (formerly IDFA), of which \$110 million is designated as emergency funding. The act includes additional funds to support the growing humanitarian needs of person affected by violence in Iraq and relief and reconstruction assistance to other countries affected by natural disasters or conflict. In addition, \$200 million is designated for MRA, and it is presumed this will apply to anticipated and unanticipated refugee and migration emergencies.

Appendix A. FY2008 Emergency Supplemental Request, State Department and Foreign Operations

(millions of U.S. dollars)

Account	FY2008 Base Request	FY2008 Original Emerg. Supp. Request	FY2008 Second Emerg. Supp. Request	FY2008 Total Supp Funds Requested	FY08 Consolidated Supp Funds
State Department					
Diplomatic & Consular Programs	4,942.7	1,881.6	401.4	2,283.0	781.6
Embassy Security, Construction, Maintenance	792.5	—	160.0	160.0	—
Contributions to International Organizations	1,354.4	53.0	—	53.0	—
Contributions to International Peacekeeping	1,107.0	—	723.6	723.6	468.0
Board for International Broadcasting	618.8	—	—	—	12.0
Total, State Department	8,196.6	1,934.6	1,285.0	3,219.6	1,261.6

CRS-21

Account	FY2008 Base Request	FY2008 Original Emerg. Supp. Request	FY2008 Second Emerg. Supp. Request	FY2008 Total Supp Funds Requested	FY08 Consolidated Supp Funds
Foreign Operations					
Economic Support Fund	3,319.6	1,111.0	1,106.0	2,217.0	542.6
International Narcotics Control/Law Enforcement	634.6	159.0	575.0	734.0	—
Nonproliferation, Anti-Terrorism, Demining	464.0	—	5.0	5.0	—
Migration and Refugee Assistance	773.5	35.0	195.0	230.0	200.0
International Disaster Assistance*	297.3	—	80.0	80.0	110.0
USAID Operating Expenses	609.0	61.8	—	61.8	20.8
Global Health/Child Survival	—	—	—	—	115.0
Foreign Military Financing	—	—	—	—	100.0
Peacekeeping Operations	—	—	—	—	35.0
Total, Foreign Operations	6,098.0	1,366.8	1,961.0	3,327.8	1,123.4
Total, State and Foreign Operations	14,294.6	3,301.4	3,246.0	6,547.4	2,385.0
P.L. 480 Food Aid	1,319.4	—	350.0	350.0	—

Notes: Table does not include all accounts in the State Department, Foreign Operations, and Related Programs appropriations bills. Accounts listed above are those for which emergency supplemental funds are requested.

* The International Disaster Assistance account was previously called International Disaster and Famine Assistance