



FISCAL YEAR 2008 FOREIGN ASSISTANCE BUDGET: A NEW INTEGRATED STRATEGIC ALLOCATION PROCESS



This first-ever integrated budget makes *efficient, effective and strategic* use of the American taxpayers' money to maximize country progress and aid states critical to long-term stability and prosperity.

Step One: *Input from Embassies and USAID Missions around the World*

- Field staff outlined funding priorities in Mission Performance Plans and USAID Annual Reports.

Step Two: *Guidance from the Office of Management and Budget (OMB) Issued*

Step Three: *Initial Budget Numbers Issued by Country*

- Based on funding levels included in OMB guidance, also took into account **multiple factors**—
 - Foreign policy priorities; security policy priorities; indicators related to political rights and corruption, development gap (as measured by per capita income, child mortality, total fertility, sanitation, youth literacy overall, and youth literacy by gender), and population.
- Countries where known and widely accepted Congressional and executive mutual support allocated separately (e.g. Israel and Egypt)
- Non-country programs (e.g. centrally managed, emergency funding) allocated separately

Step Four: *Staff Level Allocation to Programs Aimed at Country Progress*

- Teams of experts from State and USAID used the following tools to allocate funding *within* countries:
 - Chief of Mission statements from Mission Performance Plans, USAID Annual Reports, and foreign policy priorities as identified by Regional Assistant Secretaries;
 - New Foreign Assistance Strategic Framework and country category guidance;
 - Graphs identifying gaps between the country's performance (based on independent indicators) and the average performance of countries in the next highest category;
 - Work being done by other USG agencies in-country, including funding level and focus of funds under the Presidents Emergency Plan for AIDS Relief and Millennium Challenge Account; and
 - Additional input from field teams.
- Where initial funding levels were insufficient to drive country progress, teams submitted *reclamas*.

Step Five: *Regional and Functional Leadership Review*

- Chaired by the Director of U.S. Foreign Assistance and organized by region, senior staff (regional and functional Deputy Assistant Secretaries and Deputy Assistant Administrators) reviewed five questions:
 - Did we get the initial overall funding level right?
 - Did we get the mix among objectives (such as investing in people or peace and security) right?
 - Did we get the mix among country categories within the region right?
 - How would you prioritize additional funding among countries in the region?
 - How would you prioritize additional funding among the objective and country categories?

Step Six: *Secretary's Senior Review*

- Chaired by the Secretary, Assistant Secretaries, with leadership from Assistant Administrators, led seven reviews (one per region, plus one on international organizations) using a template that provided a global view and allowed for comparison across and among regions.

Step Seven: *Final Analysis & Adjustments*

- The Secretary and Director of U.S. Foreign Assistance finalized numbers based on outcome of previous steps, Congressional priorities, Administration priorities and additional input from the field.

Step Eight: *Attach Funding to Appropriate Accounts*

- Used account authorities and common principles to walk funding allocations back to account levels and submitted final package to OMB.

Step Nine: *After Action Review and Adjustments to the FY 2009 Process*