Function 150:

International Affairs

End Funding for the United Nations Development Program (UNDP)

#8

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$81	$81	$82	$83	$85	$86	$88	$91	$92	$94	$412	$863

Heritage Recommendation:

End U.S. contributions to the United Nations Development Program (UNDP). This proposal saves $81 million in 2016, and $863 million over 10 years.

Rationale:

The UNDP aid meant to assist suffering populations in many authoritarian countries inadvertently helps perpetuate that suffering. In Burma, for example, a human rights group accused the UNDP of funding state-controlled programs to "expand military control over the population while divesting itself of the cost of operating programs and simultaneously legitimizing its policies in the name of development."[27] The UNDP has also funded improper activities in Iran, North Korea, Venezuela, and Zimbabwe.

In addition, UNDP management of resources is weak. A 2011 audit by the U.S. Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) identified numerous management and oversight failings and concluded: "Until these oversight and monitoring issues are addressed, there will continue to be concerns about the value of UNDP's services needed to provide the expected quantity, quality, and timeliness of progress in establishing and maintaining a viable police force."[28] Correspondence in 2014 between SIGAR and UNDP indicate that these deficiencies remain and, more worryingly, UNDP "appears to downplay UNDP's responsibility for overseeing LOTFA [Law and Order Trust Fund for Afghanistan] and fails to acknowledge the problems that continue to plague this program."[29]

Additional Reading:

- Brett Schaefer and Steven Groves, "Congress Should Withhold Funds from the U.N. Development Program," Heritage Foundation *WebMemo* No. 1783, January 26, 2008, http://www.Heritage.org/research/reports/2008/01/congress-should-withhold-funds-from-the-un-development-program.

- Brett Schaefer, "The UN Development Program Rewards North Korea," The Daily Signal, October 1, 2009, http://dailysignal.com/2009/10/01/the-un-development-program-rewards-north-korea/.

- Brett Schaefer, "Why Does UNDP Continue to Aid Repressive Regimes?" The Daily Signal, August 27, 2010, http://dailysignal.com/2010/08/27/why-does-undp-continue-to-aid-repressive-regimes/.

- Special Inspector General for Afghanistan Reconstruction, "2011 SIGAR Review of the Law and Order Trust Fund for Afghanistan," April 25, 2011, http://www.foxnews.com/world/interactive/2014/10/16/2011-review-law-and-order-trust-fund-for-afghanistan/.

Calculations:

Savings are expressed as budget authority and were calculated using the FY 2014 estimated spending levels as found on page 17 of the "FY 2015 Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs," http://www.state.gov/documents/organization/222898.pdf. Spending levels have been increased at the same rate as discretionary spending for 2016–2025 according to the CBO's most recent August 2014 baseline spending projections.

#9

End Funding for the U.N. Intergovernmental Panel on Climate Change (IPCC)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$10	$10	$10	$10	$11	$11	$11	$11	$12	$12	$51	$108

Heritage Recommendation:

End contributions to the IPCC. This proposal saves $10 million in 2016, and $108 million over 10 years.

Rationale:

The IPCC is charged with the "preparation of comprehensive Assessment Reports about the state of scientific, technical and socio-economic knowledge on climate change, its causes, potential impacts and response strategies. The IPCC also produces Special Reports, which are an assessment on a specific issue and Methodology Reports, which provide practical guidelines for the preparation of greenhouse gas inventories."[30]

These studies have been subject to bias, manipulation, and poor data. In recent years, the U.S. House has voted to eliminate funding to the IPCC, but funds have been included in the final appropriations bills enacted into law.

Additional Reading:

- David W. Kreutzer, "A Cure Worse than the Disease: Global Economic Impact of Global Warming Policy," Heritage Foundation *Backgrounder* No. 2802, May 28, 2013, http://www.Heritage.org/research/reports/2013/05/a-cure-worse-than-the-disease-global-economic-impact-of-global-warming-policy.

- Brett Schaefer and Nicolas Loris, "U.S. Should Put U.N. Climate Conferences on Ice," Heritage Foundation *Issue Brief* No. 3792, December 5, 2012, http://www.Heritage.org/research/reports/2012/12/climate-change-us-should-work-outside-of-united-nations-climate-conferences.

- David Kreutzer, "If IPCC Sea Level Numbers Aren't Bad Enough, Try Tripling Them," The Daily Signal, July 22, 2011, http://dailysignal.com/2011/07/22/if-ipcc-sea-level-numbers-aren%e2%80%99t-bad-enough-try-tripling-them/.

Calculations:

Savings are expressed as budget authority based on the FY 2014 estimated spending levels as found on page 177 of the "FY 2015 Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs," http://www.state.gov/documents/organization/222898.pdf. This estimated level has been increased at the same rate as discretionary spending in the CBO's most recent baseline spending projections.

Eliminate the U.S. Trade and Development Agency (USTDA)

#10

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$56	$56	$56	$57	$58	$59	$61	$62	$64	$65	$283	$594

Heritage Recommendation:

End funding for the U.S. Trade and Development Agency (USTDA). This proposal saves $56 million in 2016, and $594 million over 10 years.

Rationale:

The USTDA is intended to "help companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. The USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries."

The main argument against this program is that its activities more properly belong to the private sector. The best way to promote trade and development is to reduce trade barriers. The House Republican Study Committee has introduced legislation to eliminate this agency, arguing:

> The U.S. Trade and Development Agency has a dual mission of advancing internal economic development, as well as U.S. commercial interests in developing and middle-income countries. The Agency reports that of its 1,170 projects between 1997 and 2006, only 36.2% were actually successful in creating additional exports for American companies. The Agency's activities also overlap with numerous other government agencies and programs. It works with 16 fellow agencies on the Trade Promotion Coordinating Committee alone.

Additional Reading:

- Patrick Louis Knudsen, "$150 Billion in Spending Cuts to Offset Defense Sequestration," Heritage Foundation *Backgrounder* No. 2744, November 15, 2012, http://www.Heritage.org/research/reports/2012/11/150-billion-in-spending-cuts-to-offset-defense-sequestration.

- Brian M. Riedl, "How to Cut $343 Billion from the Federal Budget," Heritage Foundation *Backgrounder* No. 2483, October 28, 2010, http://www.Heritage.org/research/reports/2010/10/how-to-cut-343-billion-from-the-federal-budget.

- Republican Study Committee Sunset Caucus, "Eliminate the U.S. Trade and Development Agency," July 21, 2010, http://rsc.woodall.house.gov/uploadedfiles/waste_action_alert—ustradedevelopmentagency.pdf.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 estimated spending levels as found on page 23 of U.S. Department of State, "Fiscal Year 2015, Congressional Budget Justification: Foreign Operations, Appendix 2," http://www.state.gov/documents/organization/224069.pdf. This estimated level has been increased at the same rate as discretionary spending in the CBO's most recent August 2014 baseline spending projections.

#11

Reform Food Aid Programs

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$168	$168	$168	$170	$173	$175	$178	$181	$184	$186	$847	$1,751

Heritage Recommendation:

Eliminate the Food and Agriculture Organization (FAO) funding and reform U.S. food assistance programs to allow local purchasing and remove shipping requirements. This proposal saves $168 million in 2016, and $1.8 billion over 10 years, as follows:

- $125 million in average annual savings from eliminating U.S. contributions to the FAO
- $50 million in annual savings from the Royce–Bass Food Aid Reform Act (H.R. 1983) as estimated by the House Foreign Affairs Committee Staff

Rationale:

The United States has been providing food assistance around the world for nearly six decades— addressing starvation and emergency food shortages, and supporting agricultural development and related projects in developing nations. The Food for Peace (P.L. 480) Title II program comprises over half of the total food aid budget annually, but is subject to requirements to purchase U.S. food and ship it on U.S. vessels. Congress should support and expand the reforms directed at improving the efficiency of America's food aid programs, while rejecting the proposed retention of purchase requirements for U.S. food and subsidies for U.S. shipping.

Several international organizations are focused on providing food assistance and supporting agricultural development. Not all are well managed or impactful. A 2011 British study concluded that the FAO represents "poor value for money" and criticized it for lacking a "corporate culture of value-for-money and cost effectiveness" and having weak "programming and financial accounting processes."[31]

Additional Reading:

- Bryan Riley and Brett Schaefer, "Congress Should Reject Proposed Food Aid Shipping Mandate," Heritage Foundation *Issue Brief* No. 4228, May 23, 2014, http://www.Heritage.org/research/reports/2014/05/congress-should-reject-proposed-food-aid-shipping-mandate.

- Bryan Riley and Brett Schaefer "U.S. Food Aid Should Focus on Combating Hunger and Malnutrition in Poor Nations," Heritage Foundation *Issue Brief* No. 3910, April 15, 2013, http://www.Heritage.org/research/reports/2013/04/us-food-aid-should-focus-on-combating-hunger-and-malnutrition-in-poor-nations.

Calculations:

Savings based on adding together the cost of the Food and Agriculture Organization (FAO) as found on page 44 of the "FY 2015 Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs," and the savings from the Royce-Bass Food Aid Reform Act as described by committee staff, equaling $500 million over 10 years: House Foreign Affairs Committee, "Royce–Bass Food Aid Reform Act: Section-by-Section," undated, http://foreignaffairs.house.gov/sites/republicans.foreignaffairs.house.gov/files/Food%20Aid%20Reform%20Act%20Section-by-Section.pdf. The FAO's estimated FY 2014 cost of $116 million is increased, according to the CBO's most recent August 2014 baseline for discretionary spending. The $500 million in 10-year savings from the Royce–Bass Food Aid Reform Act is spread equally across the 10 years, as $50 million per year.

Eliminate the Export-Import Bank

#12

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$1,000	$2,000

Heritage Recommendation:

Allow the Export-Import Bank (Ex-Im) to expire when its current authorization lapses on June 30, 2015. This proposal saves $2 billion over 10 years under fair-value accounting that prevails in the private sector. CBO Director Douglas Elmendorf testified to the appropriateness of fair-value accounting when relaying the costs of the Export-Import Bank, stating, "In CBO's view, therefore, fair-value estimates provide a more comprehensive measure of the costs of federal credit programs, and CBO has provided fair-value estimates for many programs to help lawmakers more fully understand the trade-offs between certain policies."[32] Compared to the Congressional Budget Office's (CBO's) baseline, which per the 1990 Federal Credit Reform Act does not properly consider risk of default, this proposal would technically cost the federal government $14.4 billion over 10 years.

Rationale:

The Export-Import Bank provides discount financing to foreign firms and foreign governments for the purchase of American exports. The program primarily benefits very large corporations, but puts unsubsidized American firms at a competitive disadvantage and taxpayers at risk.

Ex-Im provides taxpayer-backed financing for just 2 percent of U.S. exports. The vast majority of benefits accrue to multinational firms that could easily access private financing. In FY 2013, for example, just 10 companies benefited from 75 percent of Ex-Im subsidies. Boeing is the biggest beneficiary, by far. Subsidies for air transport comprised more than 45 percent of all Ex-Im financings last year, including subsidies for the purchase of Boeing aircraft in China, Russia, the United Arab Emirates, and 22 other countries.

Ex-Im was capitalized with $1 billion in taxpayer dollars, and its financing is backed by the full faith and credit of the United States, which means that taxpayers are on the hook for any losses that the bank fails to cover with reserves. The current cap on bank "exposure" is $140 billion, although Ex-Im has exceeded that limit. If required to follow the strict accounting methods of private lenders, Ex-Im would incur a deficit of $2 billion in the next decade, according to the CBO.

Those anticipated losses do not include the detrimental impact on American firms of subsidizing overseas competitors. The subsidies also distort the allocation of credit and labor. For example, job losses to domestic companies have been caused by export financing of coal mining in Colombia, copper excavation in Mexico, and airplanes for India. An additional concern is that Ex-Im subsidies benefit unfriendly nations, including China, Venezuela, and Russia.

There is no shortage of private financing available, and Ex-Im subsidies simply are not needed to maintain record levels of exports.

Additional Reading:

- Diane Katz, "The Export-Import Bank: A Government Outfit Mired in Mismanagement," Heritage Foundation *Issue Brief* No. 4208, April 29, 2014, http://www.Heritage.org/research/reports/2014/04/the-exportimport-bank-a-government-outfit-mired-in-mismanagement.

- Diane Katz, "Export-Import Bank: Cronyism Threatens American Jobs," Heritage Foundation *Issue Brief* No. 4231, June 2, 2014, http://www.Heritage.org/research/reports/2014/06/exportimport-bank-cronyism-threatens-american-jobs.

- The Heritage Foundation, "Facts About the Export-Import Bank," *Factsheet* No. 149, July 28, 2014, http://www.Heritage.org/research/reports/2014/07/facts-about-the-export-import-bank.

Calculations:

According to testimony from the CBO, fair-value accounting results in an estimated savings, from eliminating the Export-Import Bank, of $2 billion over 10 years. Estimates provided on page 6 of congressional testimony "Testimony on Estimates of the Cost of the Credit Programs of the Export–Import Bank," June 25, 2014, http://www.cbo.gov/publication/45468.

Eliminate the Overseas Private Investment Corporation (OPIC)

#13

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
–$213	–$214	–$214	–$217	–$222	–$227	–$232	–$238	–$243	–$247	–$1,080	–$2,267

Heritage Recommendation:

Eliminate the Overseas Private Investment Corporation. While the CBO's methodology scores this recommendation as costing the government about $2.2 billion over 10 years, eliminating OPIC is consistent with the important goal of reducing the size and scope of government.

Rationale:

OPIC was created in 1969 by the Nixon Administration to promote investment in developing countries. OPIC provides loans and loan guarantees; subsidizes risk insurance against losses resulting from political disruption, such as coups and terrorism; and capitalizes investment funds. The private market also offers these services, but OPIC offers them at a discount (subsidy) that does not fully account for risk. By putting the taxpayer on the hook for this exposure, OPIC privatizes profits while socializing risk.

Some OPIC projects do not meet the program objective of decreasing poverty in developing countries, including:

- $67 million to finance 13 projects in the Palestinian territories while a unity government was formed with Hamas
- Financing for Papa John's pizza franchises in Russia
- $50 million of financing for a Ritz-Carlton hotel in Istanbul, Turkey

Milton Friedman criticized the agency in 1996 as follows: "I cannot see any redeeming aspect in the existence of OPIC. It is special interest legislation of the worst kind, legislation that makes the problem it is intended to deal with worse rather than better.... OPIC has no business existing."

Additional Reading:

- Bryan Riley and Brett Schaefer, "Time to Privatize OPIC," Heritage Foundation *Issue Brief* No. 4224, May 19, 2014, http://thf_media.s3.amazonaws.com/2014/pdf/IB4224.pdf.

- Tim Carney, "Republicans Try to Sneak Corporate Welfare Agency OPIC Through the House," *The Washington Examiner*, May 6, 2014, http://www.washingtonexaminer.com/republicans-try-to-sneak-corporate-welfare-agency-opic-through-the-house/article/2548134.

Calculations:

Calculations rely on the FY 2014 enacted amount of $210 million in net revenue, as found on page 4 of the Overseas Private Investment Corporation's "Congressional Budget Justification: Fiscal Year 2015," http://www.opic.gov/sites/default/files/files/opic-cbj-2015.pdf. This level of revenue has been increased at the same rate as discretionary spending in the CBO's most recent August 2014 baseline spending projections.

#14

Eliminate Funding for the United Nations Population Fund (UNFPA)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$36	$36	$36	$36	$37	$38	$39	$40	$40	$41	$181	$379

Heritage Recommendation:

Eliminate funding for the United Nations Population Fund (UNFPA). This proposal saves $36 million in 2016, and $378 million over 10 years.

Rationale:

UNFPA has faced continued assertions that it has been complicit in enforcement of China's coercive one-child policy.[33] The policy is often enforced by Chinese family planning officials through fines, forced abortions, and involuntary sterilization.

For years, the U.S. withheld funding to UNFPA under the Kemp–Kasten amendment that prohibits U.S. international aid from supporting coercive abortion procedures or involuntary sterilization.[34] In 2009, however, Congress exempted UNFPA funding from the Kemp–Kasten language and has since sent tens of millions of taxpayer dollars to UNFPA, with the most recent allocation providing $35 million per year to the organization. Concerns about UNFPA donations were multiplied by a report released in 2011, which identified the organization among four of the United Nations' largest aid agencies found to have stockpiled a total of $12.2 billion in unused donations in 2009.[35] Congress should permanently eliminate all federal funding to UNFPA.

Additional Reading:

- Sarah Torre, "Almost 40 Million 'Missing' Girls Later, China's One-Child Policy Is 31," The Daily Signal, September 28, 2011, http://dailysignal.com/2011/09/28/almost-40-million-%E2%80%9Cmissing%E2%80%9D-girls-later-china%E2%80%99s-one-child-policy-is-31/.

- Sarah Torre, "Abortion: U.S. Taxpayers Fund It Here and Abroad," The Daily Signal, January 23, 2013, http://dailysignal.com/2013/01/23/abortion-u-s-taxpayers-fund-it-here-and-abroad/.

- Sarah Torre, "Obama Budget Increases Taxpayer Funding of Abortion," The Daily Signal, April 11, 2013, http://dailysignal.com/2013/04/11/meri-budget-increases-taxpayer-funding-of-abortion/.

- Brett Schaefer, "Congress Should Renew the Report Requirement on U.S. Contributions to the U.N. and Reverse Record-Setting Contributions to the U.N.," Heritage Foundation *WebMemo* No.3324, July 22, 2011, http://www.Heritage.org/Research/Reports/2011/07/Congress-Should-Renew-the-Report-Requirement-on-US-Contributions-to-the-UN.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 estimated spending levels as found on page 177 of U.S. Department of State, "Fiscal Year 2015, Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs," http://www.state.gov/documents/organization/222898.pdf. This estimated spending has been increased at the same rate as discretionary spending in the CBO's most recent August 2014 baseline spending projections.

Endnotes: International Affairs

27. Brett Schaefer, "Why Does UNDP Continue to Aid Repressive Regimes?" The Daily Signal, August 27, 2010, http://dailysignal.com/2010/08/27/why-does-undp-continue-to-aid-repressive-regimes/.
28. George Russell, "UN Agency Blamed After Hundreds of Millions Diverted from Afghan Fund," FOX News, October 16, 2014, http://www.foxnews.com/world/2014/10/16/un-agency-blamed-after-hundreds-millions-diverted-from-afghan-fund/ (accessed December 15, 2014).
29. Letter from John F. Sopko, Special Inspector General for Afghan Reconstruction, to Helen Clark, UNDP Administrator, September 12, 2014, http://www.sigar.mil/pdf/special%20projects/SIGAR-14-98-SP.pdf (accessed December 15, 2014).
30. Intergovernmental Panel on Climate Change, "Activities: Fifth Assessment Report," November 2014, http://www.ipcc.ch/activities/activities.shtml (accessed December 15, 2014).
31. U.K. Department for Internal Development, "Multilateral Aid Review," March 2011, p. 86, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67583/multilateral_aid_review.pdf (accessed December 16, 2014).
32.. Douglas Elmendorf, "Testimony on Estimates of the Cost of the Credit Programs of the Export-Import Bank," Congressional Budget Office, testimony before the House Committee on Financial Services, June 25, 2014, http://www.cbo.gov/publication/45468 (accessed December 30, 2014).
33. Steven Mosher, "China's One-Child Policy and UNFPA: A Silent But Deadly Partnership," LifeNews.com, july 10, 2012, http://www.lifenews.com/2012/07/10/chinas-one-child-policy-and-unfpa-a-silent-but-deadly-partnership/ (accessed December 11, 2014).
34. Daniel Briggs, "The Kemp–Kasten Provision and UNFPA Funding," Americans United for Life, April 23, 2010, http://www.aul.org/2010/04/the-kemp-kasten-provision-and-unfpa-funding/ (accessed December 11, 2014).
35. Brett Schaefer, "Congress Should Renew the Report Requirement on U.S. Contributions to the U.N. and Reverse Record-Setting Contributions to the U.N.," Heritage Foundation *WebMemo* No. 3324, July 22, 2011, http://www.Heritage.org/Research/Reports/2011/07/Congress-Should-Renew-the-Report-Requirement-on-US-Contributions-to-the-UN.