

## **Preliminary Analysis of the U.S. State Department's Fiscal Year 2008 Budget Request for Global WMD Threat Reduction Programs**

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For fiscal year (FY) 2008, the Partnership for Global Security (PGS) estimates that approximately \$153.1 million is requested for weapons of mass destruction (WMD) threat reduction efforts funded by the State Department, which is \$29 million less than the FY07 request of \$181.7 million.

### **Highlights:**

- Despite expanding the scope and geography of the Global Threat Reduction program (previously called the Nonproliferation of WMD Expertise program) the funding request decreased to \$53.5 million from \$56.2 million. This reduction likely reflects a shift away from funding for the Moscow and Kiev Science Centers.
- Decrease in the Nonproliferation and Disarmament Fund (NDF) budget (to \$30 million from \$38 million).
- Slight decrease in the Export Control and Border Security program (EXBS) budget (to \$41.3 million from \$45.1 million).

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*At the time of the release of this report the State Department had not yet finalized specific allocations under the FY07 Foreign Operations appropriations legislation. Moreover, allocations were not provided for sub-programs under the Global Threat Reduction program in the FY08 budget request. Therefore, the figures provided in this report are primarily projections based on PGS analysis.*

## **Budget Trends:**

The FY08 budget request for WMD threat reduction programs under the State Department follows trends similar to those for the Departments of Energy and Defense: a declining budget overall, and the declining centrality of WMD security and elimination efforts in Russia as compared to other former Soviet states and other regions of the world. In addition, like DOE, State is increasing its focus on biological security.

The three major WMD threat reduction programs under the State Department all were reduced in the FY08 budget request. According to Secretary Condeleeza Rice the reason for this decrease in funding is that there has recently been “less demand” for these programs.<sup>1</sup>

This likely refers to the winding down of certain programs in Russia and the former Soviet states and a refocusing of programs to address threats outside the region. For example, it is likely that funding will continue to shift away from the Science Centers in Moscow and Kiev. The State Department had been providing the centers with approximately \$30 million annually. However, in FY06 that amount dropped significantly to \$21.5 million, in FY07 just \$23 million was requested, and in FY08 PGS estimates the request to be at approximately \$21.5 million (see table endnote 4).

Global pathogen security has been given a higher profile with the creation of the Biosecurity Engagement Program which has a particular focus on biosecurity efforts in Asia and the Middle-East. The BEP joins the Bio Industry Initiative which has been funded since 2002 and the Bio-Chem Redirect program which has been funded since 1998.

## **Major Developments:**

- **Refocusing the Global Threat Reduction Program**

The Global Threat Reduction program - which was previously named the Nonproliferation of WMD Expertise program (NWMDE) - saw a 5% decrease in the FY08 request to \$53.5 million from \$56.2 million. The Global Threat Reduction program is responsible for supporting specialized programs aimed at reducing the threat of terrorist or state acquisition of nuclear, chemical, and biological expertise and materials around the world.

Whereas efforts under the NWMDE programs had previously centered on the Science Centers, Bio-Industry Initiative, the Bio-Chem Redirect programs, and redirection efforts in Libya and Iraq, efforts will now be expanded geographically and in scope - focusing

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<sup>1</sup> Hearing before the Senate Committee on Foreign Relations on the President’s Foreign Affairs Budget. Washington, DC. February 8, 2007.  
<[http://www.partnershipforglobalsecurity.org/PDFFrameset.asp?PDF=budget\\_hearings\\_feb7\\_week.pdf](http://www.partnershipforglobalsecurity.org/PDFFrameset.asp?PDF=budget_hearings_feb7_week.pdf)>

more attention on terrorists in addition to the state threat. This includes the creation of the Biosecurity Engagement Program.

- **Science Centers Continue to Sink**

The Science Centers program, including the International Science and Technology Center (ISTC) in Moscow and the Science and Technology Center of Ukraine (STCU) in Kiev, works to develop peaceful research and commercial opportunities for FSU nuclear, biological, chemical, and missile experts, and to facilitate their collaboration with western colleagues and private sector counterparts. Since 1994, the centers have channeled roughly \$740 million in project funding to over 67,000 former weapons scientists.

PGS has estimated that the FY08 budget request for the science centers is \$21.5 million. This reflects the reduction of 5% from the GTR program overall when compared to the FY07 request. This potential funding level, according to the State Department, will allow the centers to continue funding research and science projects, convene workshops that gather western experts and their FSU counterparts, and maintain its Partner Program, which promotes western, private sector collaboration on projects.

- **Bump up for Biosecurity**

The Biosecurity Engagement Program (BEP), which aims to improve pathogen security, facility biosecurity, and scientist engagement in South Asia, Southeast Asia and the Middle East, was created in FY06 and initially funded through a \$4 million reprogramming from other GTR program areas. In FY07, there was no official budget request for the program, but State Department officials have confirmed that \$10 million was allocated for BEP for that fiscal year. It is not clear if this \$10 million in funding came at the expense of other programs within the GTR program or from other State Department accounts. Since State Department officials have not confirmed the FY08 request for BEP, PGS estimates it to be equal to the FY07 budget.

BEP was created to expand U.S. government pathogen security efforts beyond Russia and the former Soviet states. The program has five key objectives:

- Pathogen Security and Biosafety projects: Working with international bioscience laboratories in the areas of pathogen security and biosafety, including assistance in risk assessment, safety and security consultations, and design and implementation.
- Training: Training for scientists, laboratory managers, and policy makers on surveillance, diagnostics, biosafety, and pathogen security to raise awareness and to promote effective laboratory practices.
- Surveillance and Diagnostics: Assisting with, designing and implementing surveillance and molecular diagnostic systems that strengthen infectious disease detection and response.
- Grants Assistance program: Providing funding to institutions for projects that advance BEP objectives.

- Global Cooperation: Reducing the risk of biological threats by collaborating with partner governments to develop biosafety and pathogen security standards that are consistent with national and international guidelines, norms and requirements.

Initial BEP efforts have included: carrying out risk assessments; creating country-specific strategies; implementing security and safety upgrades at BSL3 facilities; and providing funding which focuses on strengthening infectious disease research and surveillance. During FY06 BEP pilot countries were Indonesia and Philippines and during FY07 pilot countries were Pakistan, Yemen, and Egypt.

- **Nonproliferation Contingency Fund Cut**

The Nonproliferation and Disarmament Fund (NDF) is a source of funding designed to address unanticipated or quickly developing opportunities to halt the proliferation of WMD, their delivery systems, and advanced conventional weapons systems, with particular emphasis on denying such weapons to terrorists. Funds also support the destruction of existing weapons. For FY08, the State Department is proposing a decrease in the NDF budget (to \$30 million from \$38 million).

The NDF's resources are not earmarked in advance for any particular project, but constitute a pool of funding that can be used to finance proposals from other U.S. government agencies to address critical unmet or time-sensitive nonproliferation objectives. These resources are also very flexible – the NDF has had a unique legal exemption that allows its funds to be used for security and nonproliferation projects “notwithstanding” any other provisions of U.S. law. This permits the NDF to support projects in other countries, such as Libya, that are prohibited from receiving assistance from other U.S. government programs.

Some of the recent successes listed by NDF include eliminating man-portable ground to air missile systems (MANPADS), removing fissile material stockpiles from locations potentially accessible by terrorists, destroying large fermenting vessels that could be used to manufacture biological weapons, supporting WMD expertise redirection in Iraq and Libya, and working with other countries to develop model national legislation to restrict and criminalize biological weapons-related activities.

- **New Emphasis for Export Control**

Funding for the Export Control and Border Security (EXBS) Assistance line of the NADR budget has decreased slightly to \$41.3 million requested in FY08 from \$45.1 million requested in FY07. The EXBS program is designed to help prevent and interdict the proliferation of WMD, missile delivery systems, and advanced conventional weapons.

Within the FY08 budget request, increases would be focused on programs in East Asia and the Pacific (to \$3 million from \$2.8 million), South and Central Asia (to \$7.7 million from \$6.3 million), and the Western Hemisphere (to \$1 million from \$0.87 million).

The EXBS increases in these regions are offset by declines in export control and border security work in regions such as Africa which did not receive a request for FY08, Europe and Eurasia (to \$9.2 million from \$13 million), and Near East nations (to \$3.4 million from \$3.6 million).

In addition, a portion of the annual Freedom Support Act assistance is dedicated to supporting EXBS and related border and export control programs across the former Soviet states. The FY08 budget request for FSA assistance to Counter WMD Proliferation and Combat WMD Terrorism is \$23 million.

*FY 2008 Budget Request Department of State, Selected Global Threat Reduction Programs (all amounts in \$ millions)*

<b>Program<sup>1</sup></b>	<b>FY 2007 Request</b>	<b>FY 2008 Request</b>
<b><i>Nonproliferation, Anti-terrorism, Demining, and Related programs (NADR)</i></b>		
Nonproliferation and Disarmament Fund	\$38.0	\$30.0
Export Control and Border Security	\$45.1	\$41.3
Global Threat Reduction program <sup>2,3</sup>		
<i>Science Centers Program</i>	\$22.7	\$21.6
<i>Bio-Chem Redirect Program</i>	\$17.0	\$16.2
<i>Bio Industry Initiative</i>	\$13.0	\$12.4
<i>Iraq</i>	\$2.5	\$2.3
<i>Libya</i>	\$1.0	\$1.0
<b><i>Subtotal, GTR Program</i></b>	<b>\$56.2</b>	<b>\$53.5</b>
<i>Biosecurity Engagement Program<sup>4</sup></i>	[\$10.0]	[\$10.0]
<b><i>Freedom Support Act (FSA)</i></b>		
Counter WMD Proliferation and Combat WMD Terrorism <sup>5</sup>	\$35.9	\$23.0
U.S. Civilian Research and Development Foundation <sup>6</sup>	~\$6.5	~\$5.25
<b>TOTAL</b>	<b>~\$181.7</b>	<b>~\$153.1</b>

<sup>1</sup> Funding for the relevant programs comes from two parts of the State Department’s foreign operations budget: the “Nonproliferation, Anti-terrorism, Demining, and Related Programs” (NADR) account, and from the “Assistance for the Independent States of the Former Soviet Union” account (also referred to as the “Freedom Support Act”, or FSA, account).

<sup>2</sup> Previously named the Nonproliferation of WMD Expertise program (NWMDE).

<sup>3</sup> The FY08 budget request for NADR did not include estimated amounts for any of the individual projects. The Foreign Operations FY07 Appropriations legislation also does not allocate the appropriation to individual projects. Specific funding levels are instead determined by the State Department subsequent to the appropriation and have not yet been released. Therefore, the amounts provided in the table for GTR project areas assume a 5% reduction across all projects based on the 5% reduction of the FY08 request (\$53.5 million) from the FY07 request (\$56.2 million).

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<sup>4</sup> The Biosecurity Engagement Program (BEP), which aims to improve pathogen security, facility biosecurity, and scientist engagement in South Asia, Southeast Asia, and the Middle East, was created in FY06 and initially funded through a \$4 million reprogramming from other GTR program areas. In FY07, there was no official budget request for the program, but State Department officials have confirmed that \$10 million was allocated for BEP for that fiscal year and that the program exists under the GTR program. However, it is not clear if this \$10 million in funding came at the expense of other programs within the GTR Program or from other State Department accounts. But for the purposes of this analysis, PGS assumes that the FY08 BEP funding request is equal to the FY07 budget. State Department officials have not confirmed either the final FY07 or estimated FY08 allocations for any of the GTR program areas.

<sup>5</sup> The FY08 budget request for the Freedom Support Act provided a specific line-item allocation for the program to Counter WMD Proliferation and Combat WMD Terrorism which has not been available in prior years.

<sup>6</sup> The exact amounts to be allocated under the Freedom Support Act to CRDF in FY 2007 or FY 2008 are unavailable; the figures provided in the table are CRDF estimates provided to PGS.