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The amount of funding allocated for U.S. development spending in 2012 as part of the $1 trillion Omnibus spending bill passed by Congress a few weeks ago is a surprising achievement considering the current atmosphere of paralysis and partisan bickering in Washington. The bill gives $2.6 billion—an increase of 37 percent in spending over 2011— for capital increases and replenishments for major multilateral agencies and funds, such as the World Bank and IMF. In addition, funding to U.S. foreign assistance programs will rise slightly from $21.2 billion in 2011 to $21.5 billion next year.

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The fact that the Obama administration got almost everything it requested in development spending is remarkable considering earlier this year the House had zeroed out contributions to multilateral agencies entirely, suggesting that it would be a hard lift to get any funding approved despite the fact that U.S. contributions had been painstakingly negotiated as part of a global burden-sharing arrangement. An additional complication was that the World Bank, Asian Development Bank, African Development Bank and Inter-American Development Bank had all come forward with requests for more capital at the same time. Capital increases for international financial institutions are rare events; the last capital increase for the International Bank for Reconstruction and Development was in 1988. However, they were synchronized this year because large-scale emergency lending in response to the global downturn had quickly depleted the available headroom for future lending across several agencies.

The development community feared the worst when a June Bloomberg survey in the United States showed that 70 percent of respondents said cutting foreign aid would have a large impact on reducing the U.S. deficit. Similar polls also famously showed that Americans believed that 20 percent of the federal budget was being spent on aid, when the actual figure is less than 1 percent. Even the argument that foreign aid is a miniscule component of the budget and essentially a rounding error in the budget seemed not to have much traction with Congressional deficit hawks.

It's hard to know exactly what led to this surprising outcome on development funding, but much credit must go to the Obama administration for their hard work in making sure that Congress understood the ramifications of slashing foreign assistance at a time of global turbulence. The administration's strategy of linking foreign assistance closely to national security, while derided by development purists, seems to have paid off. Part of the strategy was to shift $2.7 billion of development assistance, largely for Afghanistan, Iraq and Pakistan, out of the base budget and into the budget for overseas contingency operations, a fund that includes emergency wartime spending. That made it easier to accommodate the funding needs of other foreign assistance programs. However, this tactic could one day backfire since it makes future aid appropriations more vulnerable.

It probably also helped that the foreign aid budget was passed as part of an Omnibus bill. That procedure put more power into the hands of the senior members of Congressional subcommittees who crafted the actual content of the bill, while other members of Congress could only vote on it on a take-it or leave-it basis. Foreign assistance is simply too small and of low priority to affect a vote when other domestic spending issues in the bill loomed much larger.

A full-court press of advocates was also mobilized in support of foreign assistance and the multilateral agencies. Military, business and civil society leaders uniformly put their weight behind foreign assistance, writing letters and giving testimony on the Hill. A former Brookings colleague, the late Henry Owen, also played a part by indefatigably making phone calls to senior legislators until his untimely passing at age 92.

But the real arguments surely have to do with the new realpolitik of the world. Most American policymakers now accept that they cannot manage global affairs through unilateral actions alone. Instead, they need alliances. The international financial institutions are a crucial part of U.S. influence in global politics and American policymakers are eager to avoid any dilution of the U.S. shareholder position in these institutions. As Treasury Secretary Timothy Geithner puts it, the leverage that the United States gets from its contributions to the IFIs is enormous. Each dollar of

U.S. funding given to them leverages $25 of new lending for development. These institutions are also increasingly important in providing grants and cheap loans to the poorest countries. In a policy sense by funding the international financial institutions, the U.S. is able to ensure that they: encourage a level global playing field for businesses, which is important for companies competing with large Chinese state-owned firms; apply rigorous social and environmental standards to development projects, which appeals to civil society and NGOs; and focus more on fragile states, which helps address global security concerns and also advances U.S. security interests abroad. In other words, the U.S. money that goes to these institutions actively promotes American values and a vision of a global economy based on markets and enterprise.

The aid authorizations in the budget tell a clear story that despite domestic travails, the U.S. is intent on retaining a leadership role in managing global affairs, and wants to use its soft power. This is good news for all those who care about development of the world's poorest countries and poverty reduction for the most vulnerable citizens. The amounts involved are a very small fraction of the U.S. budget but can help hundreds of millions of the world's poorest people.