

DEPARTMENT OF STATE AND OTHER INTERNATIONAL PROGRAMS

Since 2001, the Administration:

- Built and led a broad coalition of nations committed to winning the War on Terror by removing oppressive regimes in Iraq and Afghanistan, destroying terrorist cells, disrupting terrorist operations, and preventing attacks;
- Funded life-saving antiretroviral treatment for over 395,000 people in sub-Saharan Africa and provided care services and prevention awareness to millions more;
- Completed Millennium Challenge Account compacts worth \$1.2 billion, with seven developing countries that govern justly, invest in the health and education of their people, and promote economic freedom;
- Promoted democratic institutions and values, especially in the Muslim world, by more than doubling the budget for the National Endowment for Democracy;
- Created and expanded education and cultural exchange programs in the Muslim world to support underserved populations such as women and low-income youth; and
- Showed the compassion of the American people by providing humanitarian assistance following the December 2004 tsunami in Southeast Asia and the October 2005 earthquake in Pakistan, and by assisting victims of violence in Sudan.

The President's Budget:

- Continues democracy building and reconstruction efforts in Iraq and Afghanistan, and builds the capacity of our allies to fight terrorists by increasing key anti-terrorism and security assistance;
- Provides \$3 billion for the Millennium Challenge Account, enabling up to eight additional compacts with eligible developing countries;
- Expands the number of people in Africa and the Caribbean who receive life-saving treatment for HIV/AIDS to 1.3 million by 2008, an increase of almost 900,000;
- Meets the President's commitments to fight malaria in Africa, provides 100 percent debt cancellation to qualifying heavily indebted poor countries, and continues a path to double aid to Africa by 2010;
- Promotes efforts to expand democracy in the broader Middle East, including increased funding for education exchanges in the region, public diplomacy, democracy programs, and broadcasting to the area; and
- Provides humanitarian relief, supports peacekeeping efforts, and continues reconstruction in Sudan.

FOCUSING ON THE NATION'S PRIORITIES

In this new century, we are less threatened by fleets and armies than by small cells of men who operate in the shadows and exploit weakness and despair. The ultimate answer to those threats is to encourage prosperous, democratic, and lawful societies that join us in overcoming the forces of terror...

President George W. Bush
Group of Eight Summit
June 30, 2005

Making the World Safer by Making the World Better

America is now threatened more by states that are failing than those seeking to conquer. Persistent poverty and oppression can turn nations into havens for terror. In response to this threat, our National Security Strategy commits the United States to “actively work to bring the hope of democracy, development, free markets, and free trade to every corner of the world.” International Affairs programs help achieve U.S. national security objectives to defend, preserve, and extend the peace.

Defend the Peace. Defending our Nation against its enemies is the first and fundamental responsibility of the Federal Government. To help achieve this goal, America will aid nations that need our assistance in combating terror. International Affairs programs provide essential expertise and equipment to help our allies strengthen their military and police forces, and disrupt and isolate terrorist networks.

Preserve the Peace. The United States encourages the advancement of democracy and economic openness because these are the best foundations for domestic stability and international order. International Affairs programs foster democratic institutions and development of economic security around the world.

Extend the Peace. Poverty does not turn people into terrorists. Yet terrorists, criminals, and drug traffickers take advantage of poverty, weak institutions, and corruption in troubled states to spread terror. International Affairs programs, such as the Millennium Challenge Corporation, help countries to reduce poverty, build strong democratic institutions, and create economic opportunity.

Making Foreign Aid More Effective

As our work to defend, preserve, and extend freedom and peace faces new and more complex challenges, we must be ready to respond. Under President Bush’s leadership, the United States has embarked on the most ambitious development agenda since the Marshall Plan, including the Millennium Challenge Account, the President’s Emergency Plan for AIDS Relief, an ambitious new debt relief initiative, and funding for the international financial institutions that is linked to performance. In addition, our assistance programs in Iraq and Afghanistan have helped create democratic governments now engaged in the fight against terrorism. Ultimately, our objective is a world of democratic states that govern effectively, provide opportunity and protect freedom for their citizens, and honor their international commitments.

To ensure that the Nation’s foreign aid programs are able to meet today’s challenges, the Administration will:

- Set and measure clear outcomes and impacts for every dollar of foreign assistance;

- Develop and manage coherent, country-based strategies that integrate U.S. assistance programs with diplomatic initiatives;
- Make the most effective use of U.S. resources to achieve foreign policy, national security, and development objectives;
- Distinguish among the key challenges and constraints to nations at different stages of stability and development, and select the most appropriate policy and assistance tools accordingly; and
- Encourage eventual “graduation” from foreign economic and governance aid.

The Administration will identify solutions to current global ills to ensure the U.S. Government can:

- Strengthen the security capacity of key allies in the Global War on Terror;
- Save and sustain lives in crises that result from natural and man-made disasters;
- Prevent the kind of state failure that leads to humanitarian crises, serious regional instability, and the emergence of havens for terror and oppression, and help nations emerging from conflict and war to move toward becoming stable, democratic nations;
- Invest in people and reform in stable, underdeveloped countries to help them create the conditions for economic growth and democracy;
- Target significant aid to those nations that have demonstrated a commitment to economic freedom, ruling justly, and investing in people, and help them to address the key constraints to growth and independence from foreign aid;
- Cooperate with other nations and institutions to fight against and eliminate the global or transnational threats that cannot be dealt with solely within the national boundaries of individual countries receiving aid; and
- Partner with faith-based and other international organizations to alleviate suffering and promote hope and healing.

Winning the War on Terror and Spreading Freedom

The 2007 President’s Budget for International Affairs supports the President’s comprehensive strategy to win the Global War on Terror as well as the commitment to spread democracy and freedom throughout the world.

Supporting Freedom in Iraq. In December, nearly 11 million Iraqis democratically elected a government based on a constitution created and adopted by Iraqis. The Iraqi people have sent a clear signal that they support freedom and oppose terrorism. Iraqis are now building a democracy that supports minority rights and fosters economic prosperity, which will give all Iraqis a stake in a free and peaceful country. In just a few years, Iraq has gone from a brutal dictatorship and statist economy serving only the interests of those in power, to a democracy working to improve the lives of all Iraqi citizens. While Iraqis are increasingly taking the lead in defining their own future, assistance from the United States and other countries remains critical to help them finance important development priorities and projects. U.S. economic and reconstruction assistance has strengthened civil society and democratic institutions, expanded and improved



Iraqi men proudly show their ink-stained fingers after voting in Hayji, Iraq, on December 15, 2005.

FOCUSING ON THE NATION'S PRIORITIES—Continued

electricity production and its availability, distributed millions of new textbooks, provided and improved access to clean water for millions of Iraqis, and helped inoculate millions of Iraqi children. However, Iraq still faces many challenges on the road to democracy. The Iraqi government must take on a persistent insurgency, continue to rebuild infrastructure and basic services devastated during decades of dictatorship, and create a government that operates in an open and transparent manner.

The 2007 Budget is closely linked with the President's National Strategy for Victory in Iraq, helping the Iraqi people defeat the terrorists and build an inclusive democratic and economically prosperous state. The request provides \$770 million to fund programs that are targeted to building the democratic base from which the nascent Iraqi democracy can expand, sustaining the economic infrastructure, enhancing Iraqi national capacity, and sponsoring economic development projects that will enable the Iraqi economy to become an engine of growth capable of supporting the Iraqi people, attracting investment, and creating jobs.

Building a Free and Stable Afghanistan. Today, Afghanistan is governed by a democratically elected government committed to freedom and peace. On September 18, 2005, the Afghan people voted in the first parliamentary elections held in that country since 1969. Building on the momentum of the successful 2004 presidential election, over 6.8 million Afghan voters (43 percent of whom were women) sent a message to the world, and to the terrorists that still threaten their nation, that Afghanistan remains firmly on its path to becoming a free and modern nation. The Afghan National Assembly met for its first session on December 19, 2005. Vice President Cheney attended to recognize the importance of the Afghan accomplishment.

The United States is committed to supporting Afghanistan over the long term. The 2007 Budget provides an increase in funding to continue crucial investments in Afghanistan's future. These funds will help the new government fight the drug trade and give Afghan farmers viable alternatives to poppy cultivation, invest in the health and education of its people, continue rebuilding key infrastructure, and strengthen the capacity of the new government to collect revenues and deliver services at both the national and provincial level. Our success in Afghanistan has a direct impact on our national security.

... We're working with President Musharraf to oppose and isolate the militants in Pakistan... We're fighting the regime remnants and terrorists in Iraq. The terrorist goal is to overthrow a rising democracy, claim a strategic country as a haven for terror, destabilize the Middle East, and strike America and other free nations with ever-increasing violence. Our goal is to defeat the terrorists and their allies at the heart of their power—and so we will defeat the enemy in Iraq.

President George W. Bush
National Endowment for Democracy
October 6, 2005

Global War on Terror. Security and anti-terrorism programs assist like-minded governments by building capacity to destroy the terrorist networks and incapacitate the networks' leadership abroad. The 2007 Budget sustains funding for these key programs.

Nonproliferation programs and tough diplomacy are denying weapons of mass destruction (WMDs) to outlaw regimes and to their terrorist allies. The 2007 Budget proposes to increase the nonproliferation programs of the Department of State that help countries control dangerous materials and

secure their borders, and that direct scientists with knowledge of WMD technology into productive and sustainable civilian work.

Democracy and the Freedom Agenda. Democracy is on the march around the world. In 2005, the world witnessed historic democratic elections in Iraq, Afghanistan, Liberia, Burundi, Lebanon, Kyrgyzstan, and the Palestinian Authority. Advancing democracy and building democratic institutions is a key goal of the President's foreign policy and national security agenda.

As the President noted, "the survival of liberty in our land increasingly depends on the success of liberty in other lands." The 2007 Budget seeks an increase for the Human Rights and Democracy Fund, as well as for democracy programs in the Middle East Partnership Initiative. The 2007 Budget also includes \$80 million for the National Endowment for Democracy, which provides grants to private organizations that build and strengthen democratic institutions, promote the rule of law, human rights, and a free press.



President George W. Bush meets with Secretary of State Condoleezza Rice and Under Secretary for Public Diplomacy and Public Affairs Karen Hughes.

The Administration is also reviewing its assistance programs to ensure a strategic focus on countries where democracy is threatened or a lack of democracy threatens others in the region. The 2007 Budget provides sufficient resources for robust democracy strategies in those countries to ensure that citizens have the tools and skills to elect accountable governments and advocate for peaceful change.

The Department of State's educational, professional, and cultural exchanges seek to improve the world's understanding of the United States and Americans' understanding of the world and are key components of the freedom agenda. The 2007 Budget includes \$474 million for Educational and Cultural Exchange programs, an increase of approximately \$48 million over the 2006 level, with an emphasis on the Muslim world. These programs provide opportunities for individuals from the United States and abroad to learn about each others' societies by direct experience, through educational, cultural, and professional exchange programs, including Fulbright scholarships and exchanges that target high school students and professionals who are "key influencers." Special emphasis programs include ACCESS microsolarships, which provide English language instruction to low-income and underserved youth abroad, and exchanges involving journalists, teachers, women, and clerics.

Expanding democracy, supporting political, economic and social reform, and improving access to education, information, and jobs is critical to eradicating international terrorism. The 2007 Budget supports the expansion of American Corners in the Muslim world—centers dedicated to providing information about the United States. The Administration will bring foreign journalists to the United States to assist in producing programming related to American culture.

Language Education Initiative. Our national security depends, in part, on the ability of the American people to speak and master critical foreign languages. During the Cold War, millions of Americans took advantage of Government programs and learned to speak Russian. Now we must improve our skills in learning such languages as Arabic, Farsi, Mandarin, Hindi, and Urdu to promote our national security, foster greater economic integration, and further the freedom agenda. The 2007 Budget includes \$115 million for a new National Security Language Initiative. This initiative will be implemented by the Departments of State, Education, Defense, and the Director of

FOCUSING ON THE NATION'S PRIORITIES—Continued

National Intelligence, to fill a critical national security need by expanding the number of Americans mastering critical need languages that are directly related to our efforts to wage the Global War on Terror and spread democracy.

We must encourage young scholars to study the great history and traditions of the region. We need skilled linguists who can communicate with their people so we can engage in a fruitful dialogue about what it means to live in liberty.

President George W. Bush
September 9, 2005

International Broadcasting. The 2007 Budget continues to support radio, television, and internet broadcasting of news and information about the world and the United States to people across the globe. The Budget expands live news coverage in the Middle East from 18 to 24 hours a day on Alhurra television and increases field news reporting for Radio Sawa. In addition, the Voice of America will enhance its broadcasts of U.S. and world news to Venezuela, Zimbabwe, and Afghanistan. Radio Free Europe/Radio Liberty will shift its Russian radio broadcasting from shortwave radio transmission to more popular frequencies in major cities, and Radio Free Asia will add medium wave transmission to North Korea.

Strategic States. In addition to an increased focus on spreading democracy and freedom around the world, the long-standing relationships between the United States and our strategic partners are also a critical component of our national security. The 2007 Budget continues strong U.S. support for key countries and the world.



Distribution of emergency relief supplies in Balakot, Pakistan, on October 12, 2005.

- The 2007 Budget includes security and economic assistance to Israel, a key ally of the United States and partner in the effort to combat terrorism and achieve lasting peace in the Middle East. The 2007 Budget also includes economic assistance for the West Bank and Gaza, to further support the President's vision of two states, Israel and Palestine, living side by side in peace and security.
- The 2007 Budget sustains our commitment to Colombia, enabling it to build on progress in the war against narco-terrorists. Building the capabilities of Colombia to fight terrorists strengthens a strategic partnership that is vital to the security, prosperity, and freedom of both our countries and the Americas.
- Funding is also provided for Pakistan, a key ally in the Global War on Terror. A stable, economically thriving Pakistan serves U.S. interests in South and Central Asia. Our two nations have coordinated intelligence, law enforcement, finance, and military activities to

successfully apprehend al Qaeda operatives and help bring peace to neighboring Afghanistan. The Budget increases economic support to aid Pakistan in its recovery and reconstruction from the cataclysmic earthquake that occurred on October 8, 2005. Quick efforts by the United States reduced immediate suffering and averted a second disaster due to the extreme conditions. Reconstruction efforts are underway to replace critical community infrastructure, such as small hospitals, primary and secondary schools, and to train in earthquake resistant construction techniques. These efforts will continue in 2007.

Preventing and Responding to Global Ills through Humanitarian Aid and Transnational Programs

The 2007 Budget is committed to providing support for efforts to address global health problems such as the HIV/AIDS pandemic, malaria, and avian influenza, as well as famine and other humanitarian crises. The President has committed to treating people with AIDS in Africa and other regions, feeding hungry people throughout the world, and responding to international disasters and humanitarian needs because the United States has a responsibility and interest in helping people in desperate need overseas. Humanitarian assistance demonstrates the compassion of the American people. It also provides important security benefits to the United States by ensuring stability in countries suffering from humanitarian disasters.



The Emergency Plan not only purchases antiretroviral drugs like these, but also supports the delivery mechanism and infrastructure development necessary to provide effective AIDS treatment.

The President's Emergency Plan for AIDS Relief Provides Hope. The President's Emergency Plan for AIDS Relief (PEPFAR) is a five-year, \$15 billion program that supports bilateral, regional, and volunteer HIV/AIDS programs in over 120 countries around the world, with a specific focus on the 15 nations that represent one-half of the world's infections: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Zambia, and Vietnam. The Emergency Plan also supports contributions to international organizations including UNAIDS, and is the world's most generous donor to the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

Since taking the ARV medicine, I have a lot more energy and can take care of my children. Before I had no hope; now I know we have a future.

Hoa, a 27 year old woman who contracted HIV from her drug-addicted husband, receives care and treatments from Ho Chi Minh City's District 2 clinic, which has been open for less than one year and has almost 200 patients with HIV. Her husband is now in a drug rehabilitation center, leaving her to care for their two young children. Six weeks after starting ARV, she is gaining weight, her skin is clearing up, and she does not feel so tired anymore.

Office of the Global AIDS Coordinator

FOCUSING ON THE NATION'S PRIORITIES—Continued

The initiative is providing hope to those who had none only a few years ago. In 2003, when the Emergency Plan was announced, the World Health Organization reported that only 50,000 people in sub-Saharan Africa were receiving antiretroviral (ARV) treatment. Three years later, in partnership with the host nations, the Emergency Plan is supporting treatment for over 395,000 sub-Saharan Africans in the 12 African PEPFAR countries. This treatment allows people living with HIV/AIDS to earn a living and care for their children and families. Overall, in the 15 PEPFAR focus countries, the Emergency Plan is supporting host government strategies to provide life-saving ARV treatment for over 400,000 people, extend care services, and bring prevention awareness to millions more as of September 2005.

The President's 2007 Budget requests \$4 billion, more than \$740 million over 2006, to continue the global fight against HIV/AIDS. The Emergency Plan's commitment to holding programs accountable for achieving results has ensured that funds are used effectively and has allowed the United States to measure the outcomes achieved with its funding. The 2007 funds will be used to sharply ramp-up the delivery of treatment, care, and prevention activities by building on the demonstrated success of the programs on the ground and the capacity that has been built in the focus countries during the first three years of the Emergency Plan.

In addition, two components of the Emergency Plan will further improve the ability to deliver these services:

- The New Partners Initiative will provide \$200 million through 2008 to build the capacity of faith-based and other international organizations at the community level to support prevention and care services to help build local ownership of HIV/AIDS responses for the long term.
- The Partnership for Supply Chain Management will strengthen the pipeline of essential drugs and supplies for people living with or affected by HIV/AIDS and other infectious diseases in developing countries.

Malaria. On June 30, 2005, President Bush challenged the world to reduce dramatically the burden of malaria as a major killer of children in sub-Saharan Africa, and pledged to increase U.S. funding of malaria prevention and treatment by more than \$1.2 billion over five years. The United States committed to work with the international community rapidly to increase preventive and curative interventions by 2010 in 15 African countries that have particularly high rates of malarial infection. The goal of this effort is to reduce malaria deaths by 50 percent in each of the target countries after three years of full implementation. The United States is partnering with the World Health Organization; the World Bank; UNICEF; the Global Fund to Fight AIDS, Tuberculosis, and Malaria; the Bill and Melinda Gates Foundation; the Red Cross; the private sector; and others to make this initiative

Research Has Begun to Link Health Conditions with National Security

- Malawi troop strength has decreased significantly due to HIV/AIDS deaths and is half of the minimum needed to guarantee state security.
- Nigeria has witnessed stark increases in non-combat mortality in its military ranks over the last five years, with 43 percent directly ascribed to HIV/AIDS.
- In 2002 and 2003, about one-third of all Russian young men drafted were rejected for military service for health reasons, including HIV/AIDS, tuberculosis, drug addiction, and psychological problems. The HIV/AIDS rate has shot up 25 fold since 1999 among potential 18-year-old draftees.

Laurie Garrett
"The Lessons of HIV/AIDS," Foreign Affairs
July/August 2005

a success and expand it to additional nations. The 2007 Budget includes \$225 million for this critical program.

Avian Influenza. While leading worldwide efforts to fight HIV/AIDS and malaria, the United States is also playing a key role in the global preparedness effort amassed in response to the threat of an avian influenza pandemic. In September 2005, President Bush announced the International Partnership on Avian and Pandemic Influenza. The Partnership brings together key nations and international organizations to improve global readiness by elevating the issue on national agendas; coordinating efforts among donor and affected nations; mobilizing and leveraging resources to fight the disease; increasing transparency in disease reporting and surveillance; and building capacity to identify, contain, and respond to a pandemic influenza.

The National Strategy on Pandemic Influenza states that the most effective way to protect the American population is to contain an influenza outbreak beyond the borders of the United States. In 2006, \$280 million has been provided in supplemental appropriations for five U.S. Government agencies to carry out international activities related to all three pillars of the strategy: Preparedness and Communications, Surveillance and Detection, and Response and Containment. The 2007 Budget includes an additional \$214 million to continue these activities in countries where infected birds have already been found and in other countries that are on the cusp of infection.

Humanitarian Crises. The United States is the world's most generous provider of food and other humanitarian assistance, including shelter, health, water, and sanitation. The 2007 Budget maintains strong support of humanitarian needs, including the Administration's commitment to protect and find lasting solutions for refugees, and provides an increase in funding for refugee resettlement in the United States.

In 2005, the United States led the world—both in terms of timeliness and funding—in responding to humanitarian crises around the world. When parts of Southeast Asia were devastated by a tsunami at the end of December 2004, swift action by the United States provided relief, helped prevent the spread of disease, and quickly began restoring livelihoods and rebuilding the region. The United States is now reconstructing critical roads and infrastructure in the region and has already completed more than 50 miles of road in Indonesia.

In the midst of the conflict in the Darfur region of Sudan, the United States assisted over 1.8 million internally-displaced persons and over 200,000 Sudanese refugees in Chad. The United States is playing a key role in bringing peace to that region. The 2007 Budget continues this strong support to the victims of Darfur, both in terms of humanitarian assistance and peacekeeping to monitor security.

Food Aid. The United States alone accounts for over half of all food aid worldwide. In 2005, U.S. food aid protected vulnerable populations around the world, with over \$1.1 billion donated to emergencies in Africa, notably Sudan, Ethiopia, Eritrea, and southern Africa, to help feed millions of people. The 2007 Budget supports the Administration's continuing efforts to prevent widespread famine while continuing to encourage other donors to do their fair share. At the same time, the Administration is continuing its efforts to address the root causes of famine.



The delivery of relief supplies in Lamno, Indonesia, following the tsunami in December 2004.

FOCUSING ON THE NATION'S PRIORITIES—Continued



Internally displaced persons in West Darfur, Sudan receive sorghum provided by USAID through the World Food Programme.

Refugees. The 2007 Budget continues to support the protection and assistance of refugees as well as conflict victims and internally displaced persons. Through international and non-governmental organizations, the United States provides protection, shelter, safe water, and health care, among other services. The United States continues to support voluntary repatriations as the primary lasting solution for refugees.

In cases where voluntary return is not a viable option, the United States leads the international community in resettling refugees. In 2005, the United States admitted over 53,800 refugees for resettlement in this country.

President Bush continues to support a strong resettlement program, and the 2007 Budget provides the funds necessary to increase the number of refugees resettled in the United States. By providing generous responses to immediate refugee needs and persistently pursuing long term solutions, the United States enhances national security at home by stabilizing crises around the world.

U.S. Humanitarian Efforts

In 2005, the United States was the world's largest provider of global humanitarian assistance.

- When most donors had not yet acted in the face of a looming famine in the Horn of Africa threatening 14 million people, the President announced on June 7, 2005, that the United States would address the remaining food needs there and increase humanitarian aid elsewhere. At the same time, he challenged other donors to do more to address global humanitarian needs. These continuing efforts have already galvanized the successful global response to a food crisis in southern Africa in 2005.
- The United States responded quickly and generously to the December 2004 tsunami in Southeast Asia, providing over \$840 million in relief and reconstruction assistance. The U.S. private sector pledged more than \$1.8 billion to assist the region.
- In October 2005, when Pakistan and India were hit by a major earthquake, the United States immediately moved ships, aircraft, and relief coordinators to the area to begin relief efforts. In November 2005, the United States pledged \$510 million to Pakistan relief and reconstruction efforts, including over \$110 million in military support to the relief efforts and at least \$100 million in estimated private sector relief.
- The United States provided about half of all emergency food aid received by the U.N. World Food Program. As of December 2005, the United States alone accounted for the bulk of the food actually delivered to victims of the conflict in Darfur, Sudan.
- The United States gave over \$300 million to the United Nations High Commissioner for Refugees (UNHCR) in 2005. Overall, including UNHCR, the United States provided about \$100 million to help refugees from Sudan, including \$70 million for refugees from the conflict in Darfur.

Building State Capacity and Laying the Foundations for Development

The 2007 President's Budget provides developing states with the tools needed to progress into thriving independent states by supporting post-conflict reconstruction and stability, putting countries on stable macroeconomic footing by relieving debt and developing means to collect revenue, developing education and trade initiatives, such as those announced at the 2005 Group of Eight (G-8) Summit, enforcing peace, and fighting the illicit drug trade.

Conflict Response. The Administration is moving forward with its strategy to improve the response to countries emerging from conflict or threatened by instability. The State Department's Office of the Coordinator for Reconstruction and Stabilization has been active in addressing complex and challenging conditions in Haiti and Sudan and in preparing for potential crises in other at-risk states. The Administration is focusing on helping create the conditions necessary to move countries in crisis on a path to lasting peace, good governance, and economic and social development. Ensuring that failed states make the transition to stability is crucial to U.S. national security interests as unstable or failed states can serve as bases for terrorism or rampant criminality. In order to accomplish such transitions, the United States must be able not only to respond militarily to crises but also to apply effective civilian stabilization and reconstruction resources necessary to ensure long-term success.

The 2007 Budget proposes to strengthen the Office of the Coordinator's ability to lead U.S. planning efforts for countries and regions of most concern, and to coordinate the deployment of U.S. resources when needed. The Budget proposes funding for a Conflict Response Fund to build the civilian response capabilities of the United States, including establishment of a civilian reserve component that can quickly provide needed expertise to rebuild the institutions of government in post-conflict or failed-state situations. With an early and effective civilian response, responsibility for key functions can be transferred more quickly from military to civilian actors, thus reducing the need for a more robust and costly military commitment over the long term.

Peacekeeping. Peacekeeping by the United Nations and partner organizations, such as the African Union, are key to providing a stable political and economic environment that fosters democratic institutions and development. These missions create conditions conducive to democratic elections, and facilitate the delivery of humanitarian relief, as well as to increase the security at home and provide relief to our troops. The 2007 Budget provides over \$1.1 billion for UN peacekeeping missions.

The 2007 Budget also includes over \$100 million for the third year of the Global Peace Operations Initiative to train and equip 75,000 troops by 2010 to increase global capacity to conduct peace support operations with a particular focus on Africa.

Counternarcotics Activities. The U.S. Government remains focused on curtailing the illicit drug trade and dissolving the relationships between narco-traffickers, terrorists, and international criminal organizations. The 2007 Budget provides \$722 million for the Andean Counterdrug Initiative, which advances the President's goal of strengthening democracy, regional stability, and economic development throughout the hemisphere. The Initiative provides balanced funding between law enforcement and security programs, and alternative livelihood assistance for those who are at risk from the illicit narcotics trade.

In Afghanistan, the United States is working closely with Great Britain to stem the illicit drug trade. Poppy cultivation declined by 48 percent in 2005, including reductions in 19 of Afghanistan's 26 poppy growing provinces. The United States will continue to provide Afghan farmers real economic alternatives, support the Afghan central government and governors' efforts to discourage cultivation through public information and eradication, and sustain law enforcement efforts.

FOCUSING ON THE NATION'S PRIORITIES—Continued

Debt Relief. Under the leadership of President Bush and in partnership with the United Kingdom, the Governors of the International Monetary Fund, World Bank, and African Development Bank agreed to a G-8 proposal to cancel 100 percent of the multilateral debt for qualifying heavily indebted poor countries, augmenting the existing Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. The United States already provides 100 percent bilateral debt relief to such countries under enhanced HIPC. Over time, 42 countries are projected to receive up to \$60 billion in debt relief as a result of the G-8 initiative. This action will conclusively end the destabilizing lend-and-forgive approach to development assistance to low-income countries. The 2007 Budget request fully supports the U.S. share of the multilateral debt forgiveness provided by the G-8 proposal, including funding for the World Bank's International Development Association (IDA) and the African Development Fund. The Budget also allows the United States to complete the funding for the Democratic Republic of the Congo under enhanced HIPC.

G-8 Initiatives. In addition to the debt relief initiatives, world leaders at the July 2005 G-8 Summit unveiled the most detailed and ambitious package for Africa ever supported by the G-8. The United States will work with our G-8 and African partners to fight malaria, HIV/AIDS, and corruption—and help create an environment where democracy and economic opportunity can flourish. In conjunction with these vigorous efforts to reduce poverty, the G-8 leaders committed to meet the interlinked clean development challenges of increasing access to cleaner energy sources, enhancing energy security, cutting air pollution, and reducing greenhouse gas emissions to address global climate change.

At the G-8 Summit, President Bush announced that the U.S. Government will double assistance to Africa between 2004 and 2010, a commitment sustained in this Budget. The 2007 Budget also sustains the U.S. Government's commitment to:



President George W. Bush sits with G-8 leaders July 7, 2005, during their first session at Gleneagles Hotel in Auchterarder, Scotland. Clockwise, from the President, are: French President Jacques Chirac; Prime Minister Tony Blair of England; Russian President Vladimir Putin; Germany's Chancellor Gerhard Schroeder; Italian Prime Minister Silvio Berlusconi; European Commission President Jose Manuel Barroso; Canada's Prime Minister Paul Martin; and Japan's Prime Minister Junichiro Koizumi.

Asia-Pacific Partnership on Clean Development and Climate

On January 12, 2006, the United States joined with Australia, China, India, Japan, and the Republic of Korea in launching the Asia-Pacific Partnership on Clean Development and Climate. The Partnership's inaugural meeting was held in Sydney, Australia. These six countries, which account for about half of the world's population, economy, energy use, and greenhouse gas emissions, committed to accelerating the deployment of cleaner technologies to support poverty reduction, enhance economic growth, improve energy security, reduce pollution for improved human health and a cleaner environment, and reduce the greenhouse gas intensity of their economies. The Partnership announced an action-oriented work plan covering eight initial sectors: clean fossil energy; renewable energy and distributed power; power generation and transmission; aluminum; cement; steel; buildings and appliances; and mining. Partner countries will focus on meeting national clean development goals, producing measurable results, and facilitating investments from the private sector and multilateral development banks. The United States Government has pledged up to \$50 million toward this partnership in 2007.

- Provide \$400 million for the African Education Initiative from 2007 to 2010, as well as increase spending for trade capacity building in Africa; and
- Support efforts to combat sexual violence and abuse against women in Africa through a new Women's Justice and Empowerment Initiative.

Supporting Transformational Development and Participation in the Global Economy

In 2002, in Monterrey, Mexico, President Bush called for “a new compact for development defined by greater accountability for rich and poor nations.” Since then, the Administration has worked to change the way the United States fosters development, with a greater emphasis on supporting truly transformational programs and helping bring the world's poor into the global economy.

Millennium Challenge Account. In 2004, the President and the Congress established the Millennium Challenge Corporation (MCC) to administer the Millennium Challenge Account (MCA), an innovative initiative that is the cornerstone of the President's policy to forge new compacts that strengthen democracies, reduce poverty through economic growth, and in the process, help in the fight against global terrorism. Since 2004, the Congress has provided less funding for this program than the President requested. For example, the Congress provided only slightly more than half of the 2006 request. This Budget provides \$3 billion in 2007 and the Administration expects to provide \$5 billion annually beginning in 2008.



MCC's Compact in Cape Verde will help reduce poverty rates of women by improving agricultural productivity.

MCA is the most concrete manifestation to date of the new approach to development the World Community endorsed in 2002 at the Monterrey Financing for Development Conference, an approach that stresses that countries have primary responsibility for their own development through good governance, sound policies, and the rule of law. Accordingly, MCA provides aid only to the highest-performing countries as identified by independent criteria that measure the extent to which countries rule justly, invest in their people, and promote economic freedom. Countries then prepare their own development assistance proposals—in full consultation with their citizens—and include specific targets against which to measure results. MCC agrees to fully fund those multi-year development programs most likely to lead to measurable increases in economic growth and a reduction in poverty.

MCC has identified 23 eligible countries to date. Of these 23 countries, the MCC Board of Directors has approved seven compacts worth \$1.2 billion and another 10 countries have submitted proposals worth \$4 billion. The 2007 Budget request of \$3 billion provides sufficient resources to sign up to eight transformational compacts worth an average of \$375 million; support a Threshold Program that provides assistance to countries that narrowly miss qualifying for MCA Compact funding; and provides for MCC administrative expenses. To show the Administration's strong commitment to this more common-sense way of ensuring our development assistance has results, it is essential that we fully fund these compacts so we know that multi-year programs can be completed.

FOCUSING ON THE NATION'S PRIORITIES—Continued

Millennium Challenge Compacts Approved to Date

| Country | Value (in millions of dollars) | Description of Compact |
|------------------|--------------------------------------|---|
| Armenia | 236 | Reduces rural poverty through investments in the agricultural sector, road and irrigation infrastructure, and technical assistance. |
| Cape Verde | 110 | Increases incomes by improving the investment climate, reforming the financial sector, and increasing agricultural productivity. |
| Georgia | 295 | Assists the poor by reducing transportation costs, facilitating access to capital, and improving access to heat and electricity. |
| Honduras | 215 | Reduces poverty by increasing agricultural productivity and lowering transportation costs between national, regional, and global markets. |
| Madagascar | 110 | Raises agricultural incomes by protecting property rights, expanding credit, and employing advanced farming techniques. |
| Nicaragua | 175 | Spurs economic growth by strengthening property rights, reducing transportation costs, and increasing farm wages. |
| Vanuatu | 66 | Benefits agricultural producers and tourism-related providers by reducing transportation costs and improving infrastructure conditions. |

Free Trade. Promoting free trade is critical to supporting developing countries in their effort to participate fully in the global economy. Increasing developing country integration into the global economy, where the majority of the world population and therefore future consumers live, will also create high-paying, export-related job opportunities for American workers, businesses, farmers, and ranchers, while increasing the living standards and welfare of Americans through lower prices and more choices.

The Bush Administration has signed or completed free trade agreements (FTAs) with Chile, Singapore, Australia, Jordan, Bahrain, Oman, Morocco, five Central American countries plus the Dominican Republic, and Peru. Currently, we are in active negotiation with Panama, Thailand, Colombia, Ecuador, the United Arab Emirates, and the Southern African Customs Union.

The United States has worked tirelessly with the member countries in the World Trade Organization (WTO) to reach agreement on new proposals to open trade and increase the integration of developing countries in the global economy through the WTO Doha Development Agenda. The United States has made very significant proposals to liberalize trade in agricultural goods, non-agricultural goods, and services. Successful completion of an ambitious round is critical to the reduction of poverty and the ability of developing countries to grow their economies and provide the private and public resources critical to their transformational development.

Providing trade-related development assistance so that developing countries fully benefit from FTAs and WTO agreements is a critical element of U.S. development policy. The United States has also dramatically increased its investment in building the capacity of developing countries to trade. Since 2001, U.S. trade capacity building assistance has more than doubled to \$1.3 billion in 2005. At the WTO Ministerial in Hong Kong, the United States pledged to increase this assistance to \$2.7 billion by 2010, and with our G-7 partners have agreed to leverage the resources of the World Bank and other international financial institutions in this effort.

RESTRAINING SPENDING AND MANAGING FOR RESULTS

The 2007 President's Budget includes a number of innovative proposals to curb spending and focus international assistance on the key countries in need of U.S. support, and to support key programs that have proven to be successful. The 2007 Budget also supports efforts to make programs more effective, including reforms to international organizations, making food aid more efficient, fighting corruption, and improving border security initiatives.

Focusing on Key Countries. The President's 2007 Budget aims to more effectively focus international assistance funds on key priorities and regions, as well as to identify the countries that are most in need of U.S. security assistance funding. For example, foreign military financing grants are directed toward supporting the military capabilities of key strategic and coalition partners and improving military relationships with U.S. friends and allies. In the 2007 Budget, U.S. military assistance is focused on supporting U.S. coalition partners in Iraq, Afghanistan, and the Global War on Terror.



Secretary Rice meets with Afghan President Karzai.

The Administration has increasingly used the Development Assistance account to finance initiatives designed to support developing countries in achieving better democracy and governance, broader and more effective education and health programs, and more rapid transformational development and participation in the global economy. Recent initiatives advanced by President Bush are enhancing basic education and women's justice programs, and assisting trade agreement partners in building trade capacity in sub-Saharan Africa as well as in Central America and the Dominican Republic.

Furthermore, the Broadcasting Board of Governors (BBG), which provides news and information through radio, television, and internet broadcasting around the world, is focusing its international broadcasting on specific populations, especially in the broader Middle East, using more popular media such as television and FM radio. Based on this strategy, BBG is reducing its broadcasting in Croatian, Serbian, Albanian, Bosnian, Georgian, Macedonian, Turkish, Hindi, Russian, Greek, Thai, and English, as well as broadcasting in shortwave radio.

Graduating Middle-Income Countries and Focusing Our Resources. The 2007 Budget also proposes to identify those countries that are ready to graduate from U.S. economic assistance. Since the late 1980s and early 1990s, many countries in Eastern Europe and the former Soviet Union have significantly progressed toward free market democracies. While eight Eastern European countries formerly receiving U.S. economic assistance have already successfully joined the European Union, several more, including Romania, Bulgaria, and Croatia, have reached sustainable levels of democratic and economic development. The 2007 Budget recommends ending traditional economic assistance to these countries while continuing to support them through security assistance and diplomatic partnerships. In addition, Russia is an upper-middle-income country that has demonstrated the economic progress and internal stability to be a member of the G-8 group, though it faces public health and governance challenges. The 2007 Budget focuses economic assistance on supporting civil society and addressing increasing HIV/AIDS infections and other health issues.

RESTRAINING SPENDING AND MANAGING FOR RESULTS—Continued

The Administration will continue to graduate countries when they are no longer in need of U.S. assistance, recognizing that these countries should more appropriately utilize different tools better suited for their stage of development, including trade flows and international capital markets. In addition, many of the countries where the United States carries out assistance programs have also become eligible for MCA resources or are on the threshold of eligibility. As the MCA builds up to its intended \$5 billion annual funding level, it will become the principal U.S. program in eligible recipient countries, allowing the United States to focus its resources where they can have the greatest impact on poverty reduction and key development needs, such as health and education. By focusing other assistance programs on the key bottlenecks to development, the United States will help non-MCA eligible countries qualify for the MCA, and attract increased trade and investment flows.

Leveraging Other Donors and the Private Sector. Ultimately, global problems require solutions that include many participants, including other donors, international institutions, and the private sector, as well as developing countries themselves. Efforts to increase the use of public-private partnerships include USAID's Global Development Alliance and African Development Foundation. In addition, the President's request of former Presidents Bush and Clinton to lead an effort to encourage private sector contributions in the wake of the Asian tsunamis resulted in an unprecedented outpouring of aid from charities, corporations, and ordinary citizens. Similarly, several corporate CEOs in cooperation with the Administration are leading an effective campaign to spur private sector donations for victims of Pakistan's earthquake and the hurricanes that afflicted Central America.



The new U.S. Embassy compound in Luanda, Angola.

Capital Security Cost Sharing. In response to the 1998 bombings of two U.S. embassies in East Africa, the Department of State embarked on several ambitious initiatives to improve physical security overseas. Many posts require additional work to withstand terrorist attacks and other dangers. In 1999, the Department of State launched a security upgrade and construction program to begin to address requirements in more than 260 embassies and consulates.

In 2005, the Administration initiated a new program to dramatically expedite construction of secure facilities worldwide, called the Capital Security Cost Sharing Program (CSCSP). CSCSP is a major component of the President's Management Agenda initiative, A "Right-Sized" Overseas Presence. Under this program, each agency with staff overseas contributes annually toward construction of the new facilities based on the number of authorized positions and the type of space they occupy. The cost shares in 2007 for each agency are based on the number of positions an agency has overseas under Chief of Mission authority. This process ensures that the size and scope of new construction projects are based on U.S. foreign policy goals. This cost sharing plan will enable the Department of State to replace 150 embassies and consulates over 14 years at a total cost of \$17.5 billion.

In 2007, the Department of State will begin construction of 10 right-sized facilities, including new embassy compounds in Addis Ababa, Ethiopia, and Riga, Latvia.

Reforms to International Organizations. The United States is leading efforts to reform the United Nations and address concerns of organizational ineffectiveness, lack of accountability, irrelevance, and redundancy. For example, the United States is pushing the UN to strengthen management oversight to root out corruption and abuse of power. In addition, the United States is a leading proponent of reform of the UN High Commission on Human Rights, so that proven human rights violators, such as Libya and Iran, cannot serve on the Commission.

To ensure that assistance through multilateral development banks (MDBs) is more effective, the United States has led the effort to focus resources on countries that institute policies to promote economic growth and adopt clear, measurable goals and targets for the assistance that they receive. The MDBs are establishing results-oriented management processes and standards, in response to several Program Assessment Rating Tool (PART) reviews, increasing the proportion of assistance provided as grants instead of loans, and improving accountability and transparency. Building on last year's reform success in replenishments for IDA, the African Development Bank, and the Asian Development Bank, the United States led efforts to extend these reforms in recently concluded replenishment negotiations for the Inter-American Development Bank's Multilateral Investment Fund (MIF) and the International Fund for Agricultural Development (IFAD). For example, IFAD adopted a debt sustainability framework as a basis for increased grant assistance and MIF instituted clear results management and reporting criteria for its grant projects. The United States is pushing for similar reforms in the Global Environment Facility (GEF), although with more limited success, which is why the President's Budget request for GEF has declined in 2007.

Cash Food Aid. The 2007 Budget supports the Administration's continuing efforts to make U.S. food aid more efficient and effective by requesting that a portion of food aid be available as cash assistance for emergencies. Providing a portion of food aid as cash can in some circumstances allow emergency food aid to be delivered more quickly and efficiently to address the most urgent needs. For example, in 2005, as conditions worsened in Niger, the Administration devoted additional resources to the growing crisis, but could have provided food aid more quickly had adequate food aid resources been available as cash to purchase food regionally. The Administration continues to support the use of in-kind food aid in most instances. The Budget proposes to use cash food aid only in those cases where the ability to procure food more quickly with cash is critical to saving lives. Our objective must be to assure that our food aid agencies have the necessary tools and flexibility to address each unique emergency that arises.

Several vulnerable countries such as Uganda, Ethiopia, Afghanistan, Sudan, and Niger have sometimes produced surplus crops in certain areas but lacked the resources to make the food available in areas suffering acute hunger. In such cases, had cash food aid been available, it could have been used to buy these crops. These purchases would have helped prevent widespread famine and would have helped sustain local food production into the future, reducing emergency food aid needs over the long term in these countries, saving lives, and eventually freeing up U.S. food aid resources to address needs elsewhere. The analysis of food assistance through the PART supports this decision to allow a portion of food aid to be used as cash for food aid. The Budget requests authority for a portion of U.S. food aid donations to be used for cash procurements when critical to saving lives in food crises abroad. U.S. agricultural producers will continue to be the source for the majority of U.S. food aid donations.

Fighting Corruption. Corruption is a major hindrance to economic growth in the developing world, taking as much as one percent off a country's growth rate, according to World Bank analysis. Through international fora, including the G-8, Summit of the Americas, and the Asia-Pacific Economic Cooperation, the United States has launched vigorous anti-corruption efforts, and the President has signaled the importance of this issue by denying safe haven in the United States to corrupt officials and their assets and making corruption levels a key determinant of MCA eligibility.

RESTRAINING SPENDING AND MANAGING FOR RESULTS—Continued

Reforms in MDBs strengthen efforts to fight corruption in recipient countries, bank projects, and the institutions themselves. For example, IDA will conduct an independent assessment of its internal controls framework, the African Development Bank has instituted a new anti-corruption and fraud unit, and the InterAmerican Development Bank has overhauled its procurement policies and documents to conform to current best international practices. Anti-corruption efforts remain a top priority for the United States in all MDBs and the Administration has worked closely with the Congress in articulating key goals, objectives, and benchmarks in this essential task.











Border Security. The Department of State continues to work with the Department of Homeland Security (DHS), the Department of Justice, the Intelligence Community as well as the Departments of Labor, Commerce, and Defense to secure America's borders against those who threaten national security, while promoting legitimate travel for commerce, education, and tourism.

In the 2007 Budget, key Border Security initiatives include screening system interoperability and real-time access to information collected by consular affairs and border officials, leading to a 10 fingerprint collection standard from foreign travelers, as part of the US-VISIT program. In the future, first-time visitors to the United States will be enrolled in the program by submitting 10 fingerprints, allowing the U.S. Government to be able to identify visitors with even greater accuracy. This program is being implemented in conjunction with DHS and the Department of Justice.





The Department of State will also be implementing the Western Hemisphere Travel Initiative in 2007, which mandates that all travelers within the Western Hemisphere travel with a passport or other authorized document by 2009. Under this initiative, U.S. citizens and foreign visitors traveling to and from the Caribbean, Bermuda, Panama, Canada, or Mexico will be required to have a passport or other standardized document that establishes the bearer's identity and nationality to enter or re-enter the United States. The initiative will improve security at the borders by standardizing entry and exit information and increasing the ability of Government agencies to work together. In addition, the Department of State will implement the Hague Convention on Intercountry Adoptions, which brings over 20,000 adopted children to the United States each year, and will increase the staff dedicated to preventing and resolving cases of international parental child abduction.

Update on the President’s Management Agenda

The table below provides an update on the Department of State’s implementation of the President’s Management Agenda as of December 31, 2005.

| | Human Capital | Competitive Sourcing | Financial Performance | E-Government | Budget and Performance Integration |
|----------|---|---|---|---|---|
| Status |  |  |  |  |  |
| Progress |  |  |  |  |  |

The Department of State has documented results in efforts to improve underrepresentation of minority groups in the foreign service and to more closely link employee performance evaluations to accomplishment of the Department’s strategic goals. For competitive sourcing, the Department of State is moving forward with its competition for Multi-Media Services and numerous streamlined competitions. The Department has developed efficiency measures for each of its programs and is actively tracking them to drive down cost while achieving greater performance. It is also incorporating additional performance information in its budget justification to strengthen the linkage between performance and funding requested in the Budget. State continues to make progress on meeting its objectives to consolidate information technology systems under the U.S. Government-wide E-Government lines of business, but will need to be aggressive in its certification and accreditation process to ensure they meet security requirements. The Department’s FSI system was named an approved E-training service provider.











| Initiative | Status | Progress |
|-----------------------------------|---|---|
| Real Property Asset Management |  |  |
| A “Right-Sized” Overseas Presence |  |  |

In 2006, State will be working with USAID to expand the State Asset Management Plan to include asset management planning activities at USAID. The resulting joint plan will allow the two agencies to cooperatively improve their asset management.

As noted earlier on right-sizing, this President’s Management Agenda (PMA) initiative seeks to ensure that our overseas presence is aligned with overall mission priorities, security, and costs. The Right-Sizing PMA initiative has accomplished key goals, including: 1) establishing formal Right-Sizing Reviews for all overseas posts; 2) implementing a Capital Security Cost Sharing program in which agencies pay a pro rata share of embassy construction costs for safe and secure facilities for their employees overseas; 3) using regionalization and shared services to centralize and regionalize support services; and 4) an accurate accounting of overseas staffing and uniform costs. These accomplishments provide the foundation for additional work. The Department of State and other right-sizing partners will work to strengthen the mechanisms now in place to systematically quantify outcomes and results to ensure safety, efficiency, and accountability in the U.S. staffing presence overseas.

RESTRAINING SPENDING AND MANAGING FOR RESULTS—Continued





The table below provides an update on the U.S. Agency for International Development’s (USAID’s) implementation of the President’s Management Agenda as of December 31, 2005.

| | Human Capital | Competitive Sourcing | Financial Performance | E-Government | Budget and Performance Integration |
|----------|---|---|---|---|---|
| Status |  |  |  |  |  |
| Progress |  |  |  |  |  |

Arrows indicate change in status since the prior evaluation as of September 30, 2005.

PMA has become a central part of the Agency’s efforts to update its business model to more effectively address the development challenges of the future. The Agency is developing a new Right-Sizing Strategy that will provide agency policy on regionalization, proper headquarters to field alignment, improved alignment of overseas staffing to agency goals, and other management policies. It has also developed and implemented a Human Capital Model to enable more effective allocation of direct hire and non-direct hire personnel. The Agency has developed performance metrics for all strategic objectives globally, and is increasingly holding program managers accountable for results and using performance information to inform resource allocation decisions. USAID is working closely with the Department of State on the development of a Joint Enterprise Architecture, designed to more systematically examine the business processes of the two agencies, and make improvements that increase collaboration and efficiency. USAID is fully participating in E-Government and Line of Business initiatives, to better leverage resources across the Federal Government. USAID also partnered with the Department of State to become a Financial Management Center of Excellence.

These efforts to transform Agency operations are in addition to focused efforts to improve the efficiency and effectiveness of current operations. The Agency continues to successfully roll-out a new financial management system, providing Agency managers with improved financial reporting and reducing financial weaknesses. USAID has also been successful in reducing hiring timelines, and has improved the accountability of senior managers for achieving performance results. The Agency has been recognized as one of the leaders in the Federal Government for information technology security.

| Initiative | Status | Progress |
|--------------------------------------|---|---|
| Faith-Based and Community Initiative |  |  |
| Real Property Asset Management |  |  |

Arrow indicates change in status since the prior evaluation as of September 30, 2005.

USAID is actively working to remove barriers to participation by community organizations, including faith-based organizations. It is also intensifying outreach and information dissemination to make USAID competitive grant opportunities more accessible to a broader population of potential grantees.

In 2006, USAID will be working with the Department of State on their Joint Asset Management Plan. This plan will allow the two agencies to cooperatively improve their asset management, both overseas and domestically.

Department of State and Other International Programs

(In millions of dollars)

| | 2005 Actual | Estimate | |
|--|----------------|--------------|--------------|
| | | 2006 | 2007 |
| Spending | | | |
| Discretionary Budget Authority: | | | |
| Diplomatic and Consular Programs | 4,202 | 4,304 | 4,652 |
| Education and Cultural Exchange Programs | 378 | 426 | 474 |
| Embassy Security, Construction, and Maintenance | 1,504 | 1,470 | 1,540 |
| International Peacekeeping | 483 | 1,022 | 1,135 |
| International Organizations | 1,166 | 1,151 | 1,269 |
| Economic Support Fund | 2,391 | 2,621 | 3,215 |
| Emergency Plan for AIDS Relief | 1,374 | 1,975 | 2,894 |
| International Narcotics and Law Enforcement | 493 | 472 | 796 |
| Andean Counterdrug Initiative | 725 | 727 | 722 |
| Migration and Refugee Assistance | 764 | 783 | 833 |
| Non-proliferation, Anti-terrorism, Demining Programs | 384 | 406 | 449 |
| Foreign Military Financing | 4,746 | 4,465 | 4,551 |
| Legislative proposal, Conflict Response Fund | — | — | 75 |
| Assistance for Eastern Europe and Baltic States | 308 | 357 | 274 |
| Assistance for Independent States of the Former Soviet Union | 462 | 509 | 441 |
| Child Survival and Health | 1,573 | 1,569 | 1,433 |
| Development Assistance | 1,445 | 1,488 | 1,261 |
| International Disaster and Famine Assistance | 466 | 361 | 349 |
| USAID Operating Expenses | 610 | 624 | 679 |
| Broadcasting Board of Governors | 594 | 644 | 672 |
| Millennium Challenge Corporation | 1,488 | 1,752 | 3,000 |
| Export-Import Bank | 106 | 97 | 58 |
| Overseas Private Investment Corporation | -180 | -160 | -160 |
| Peace Corps | 317 | 319 | 337 |
| Multilateral Development Banks | 1,219 | 1,277 | 1,329 |
| Other State and International Programs | 1,494 | 1,521 | 1,583 |
| <i>Food Aid (USDA PL 480 Title II) (non-add)</i> | <i>1,173</i> | <i>1,139</i> | <i>1,219</i> |
| Total, Discretionary budget authority | 28,512 | 30,182 | 33,859 |
| <i>Memorandum: Budget authority from enacted supplementals</i> | <i>4,737</i> | <i>162</i> | <i>—</i> |
| Total, Discretionary outlays | 29,808 | 30,762 | 32,384 |
| Total, Mandatory outlays | -2,306 | -2,209 | -417 |
| Total, Outlays | 27,502 | 28,553 | 31,967 |

Department of State and Other International Programs—Continued
(In millions of dollars)

| | 2005 Actual | Estimate | |
|---|----------------|----------|--------|
| | | 2006 | 2007 |
| Credit activity | | | |
| Direct Loan Disbursements: | | | |
| Export-Import Bank..... | 262 | 65 | 26 |
| All other programs..... | 876 | 706 | 654 |
| Total, Direct loan disbursements..... | 1,138 | 771 | 680 |
| Guaranteed Loan Commitments: | | | |
| Export-Import Bank..... | 9,317 | 12,630 | 13,829 |
| All other programs..... | 2,477 | 1,675 | 1,748 |
| Total, Guaranteed loan commitments..... | 11,794 | 14,305 | 15,577 |