

# *Senate Hearings*

*Before the Committee on Appropriations*

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## State, Foreign Operations, and Related Programs Appropriations

*Fiscal Year* 2007

109<sup>th</sup> CONGRESS, SECOND SESSION

H.R. 5522

### **PART 3**

DEPARTMENT OF STATE  
NONDEPARTMENTAL WITNESS  
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

**State, Foreign Operations, and Related Programs Appropriations, 2007 (H.R. 5522)—Part 3**

**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2007**

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**HEARINGS**

BEFORE A

SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES SENATE  
ONE HUNDRED NINTH CONGRESS

SECOND SESSION

ON

**H.R. 5522**

AN ACT MAKING APPROPRIATIONS FOR FOREIGN OPERATIONS, EXPORT  
FINANCING, AND RELATED PROGRAMS FOR THE FISCAL YEAR END-  
ING SEPTEMBER 30, 2007, AND FOR OTHER PURPOSES

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**PART 3**

**Department of State  
Nondepartmental Witness  
United States Agency for International Development**

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**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2007**

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**TUESDAY, MARCH 28, 2006**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met, at 2:17 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Mitch McConnell (chairman) presiding.

Present: Senators McConnell, Bond, Bennett, Brownback, Leahy, and Durbin.

DEPARTMENT OF STATE

OFFICE OF THE SECRETARY

**STATEMENT OF HON. CONDOLEEZZA RICE, SECRETARY OF STATE**

OPENING STATEMENT OF SENATOR MITCH MC CONNELL

Senator McCONNELL. The hearing will come to order.

Madam Secretary, I apologize for holding you up. Today's hearing will examine the fiscal 2007 budget request for your Department and Foreign Operations, and affords us an opportunity to learn more about transformational diplomacy and foreign assistance reform. I expect there will also be a question or two on matters falling under the subcommittee's jurisdiction regarding the fiscal 2006 supplemental request.

My opening statement will be brief. The President's request totals \$33.8 billion, \$23.7 billion in Foreign Operations and \$10.1 billion in State Department operations and related programs. This represents an increase of \$2.8 billion and \$600 million respectively above last year's enacted levels. As in previous years, significant resources are targeted toward the Middle East, the Millennium Challenge Corporation, and combating HIV/AIDS.

The President is to be commended for his commitment to advancing democracy worldwide, as reflected in the National Security Strategy and through his words and deeds. According to the Office of Management and Budget, the fiscal year 2007 request includes \$1.7 billion for democracy, governance, and human rights programs, an increase of \$400 million above the fiscal 2006 estimated levels. As this subcommittee has long been a strong supporter of democracy abroad, most recently demonstrated in the creation of a new Democracy Fund account in the bill last year, it would be help-

ful to hear your views on why democracy promotion is such a priority to this administration. Is there a connection between good governance and poverty alleviation? What role do democracy programs play in the war against terrorism? Should more activities be targeted toward Asia and the former Soviet Union, where countries like Belarus and Russia seem to be heading in the wrong direction?

As you were recently in Southeast Asia, I would appreciate hearing more about your trip, particularly any insights you may have with regard to the Burma problem. Let me also state for the record that I recognize your strong support for the struggle for freedom in Burma and the aggressive efforts of the State Department to encourage other governments to take that posture as well and to support Aung San Suu Kyi's cause.

I am hopeful that the administration can again urge the United Nations Security Council to debate the security threat Burma poses to the region. This year we need a formal debate and a resolution on Burma at the United Nations.

Let me close by reiterating my concern with terrorism in Southeast Asia. I note that the request includes \$32 million in military assistance for countries in that region, a decrease of \$6 million below the previous fiscal year, and \$9.8 million for military training programs. While I support the increase in military aid to Indonesia, whose democratic achievements since 1998 have been remarkable, I hope you will clarify the \$12 million cut to the Philippines. Many of us remain concerned with the ongoing conflict in the southern Philippines.

Again, Madam Secretary, thank you for being here. Let me turn to Senator Leahy and then we will get right to your statement.

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you, Mr. Chairman.

Madam Secretary, always good to have you here. This is probably the first and last time we are going to hear from you on the fiscal year 2007 budget request until we get our 302(b) allocation and our bill is on the floor of the Senate. At that time the game is pretty much over because we usually lose ground in conference with the House. Programs that are important to you and to us are cut further.

These hearings are useful, but I think you and the State Department could mount a far more effective effort. You have allies with Senator McConnell and myself, but there are many people who are not allies, and we have to convince them, too. Now, I believe your transformational diplomacy initiative has much to recommend it. We discussed this before. I commend you for it. But I think the funds requested fall short of what you need.

It is one thing to deploy your staff more strategically and plan and coordinate foreign aid programs effectively. I think that is important. But I think "transformational" suggests something more far reaching.

This budget cuts many of USAID's core programs to promote democracy and fight poverty. It is true that in the aggregate it represents an increase, but that's only because of funding for AIDS and the Millennium Challenge Corporation. We are providing hundreds of millions of dollars to the Millennium Challenge Corpora-

tion, but a lot of that goes to tiny countries which really do not have any significant security importance to the United States.

But in doing that, again the money—it is a rob Peter to pay Paul thing. You cut programs that have bipartisan support, proven results and that fund everything from girls education to providing clean water and improving agriculture.

It is going to be a difficult year for this subcommittee. You will not find two stronger supporters than the chairman and myself, but a lot of domestic programs are being cut this year and it is going to be hard to say why we have to put more into foreign aid. You have to convince the chairman and ranking members of the House and Senate Appropriations Committees.

I have some other concerns which are not only related to appropriations. There is the image and the reputation of the United States, which has obvious importance to our security. After 9/11 we had almost all of the countries in the world, with two or three exceptions, behind us, an outpouring of sympathy from every corner of the globe. Now we are seen by an alarming and growing number of people as an aggressive, occupying bully who locks up innocent people indefinitely, humiliates and physically abuses them, and denies them the right to even know what they are accused of.

We get regular reports of Iraqi civilians, including women and young children, who have been mistakenly killed by U.S. soldiers. We spend billions on grossly overpriced reconstruction projects that are poorly designed, may never get finished, but have made some U.S. contractors rich. That does not make us safer, especially when we are such a good and generous country.

Then there is U.N. peacekeeping. The United Nations is operating 18 different peacekeeping missions. One of them, in the Democratic Republic of the Congo, is trying to provide security for the first democratic elections in a half a century. At the same time, it is coping with armed militias and every possible logistical challenge in a destitute country the size of Western Europe, but one with virtually no infrastructure. That is just one example.

Darfur will be next. It involves similar challenges and costs. We vote to send U.N. peacekeepers to some of the world's most dangerous places, but then we underfund these missions. I might point out that, in underfunding them, they together cost in a year less than our military spends in a week in Iraq.

#### PREPARED STATEMENT

It is time for us and the other nations who do not contribute troops to support these missions the way we would expect our own soldiers to be supported.

I will put the rest of my statement in the record. I look forward to hearing from you and I have already discussed with you a couple of the questions I will ask.

#### PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Madam Secretary, thank you for being here. This is be the first and last time we hear from you on your fiscal year 2007 budget request, until after we receive our 302b allocation and our bill is on the floor of the Senate. At that point the game is pretty much over since we usually lose ground in conference with House, when programs that are important to you and to us are cut further.

Hearings like this are useful, but they are far from sufficient. You need to mount a far more effective effort than you have in the past to get the funding you need, because the party in the Majority in Congress, with the exception of a few allies like Chairman McConnell, will want to cut your budget.

While I believe your transformational diplomacy initiative has much to recommend it—and I commend you for it—I am afraid that the amount of funds you are requesting falls far short of what you would need to implement it effectively.

It is one thing if all you hope to do is deploy your staff more strategically and plan and coordinate foreign aid programs effectively. But to me, “transformational” suggests something significantly more far reaching.

This budget, contrary to the President’s promise, cuts many of USAID’s core programs to promote democracy and fight poverty. It is true that in the aggregate what you propose represents an increase, but that is only because of funding for AIDS and the Millennium Challenge Corporation.

While we are providing hundreds of millions of dollars from the MCC to tiny countries with little if any foreign policy or security importance to the United States, you would cut funds for programs that have bipartisan support, proven results, and that fund everything from girls’ education to providing clean water and improving agriculture.

Chairman McConnell and I are among your strongest supporters here, but with the cuts the President is proposing to so many domestic programs this is going to be a very difficult year for this subcommittee.

You may have big plans, you may have great policies. But if you don’t have the funds to implement them they won’t amount to much. They certainly won’t be transformational. Unless you can convince the Chairmen and Ranking Members of the House and Senate Appropriations Committees, much of what you hope to do will not be possible. I want to mention a few issues of special concern to me, and I will have questions on other topics as well:

—First, is the image and reputation of the United States, which has obvious importance to our security. After 9/11 there was an outpouring of sympathy from every corner of the globe. Today, we are seen by alarming numbers of people as an aggressive, occupying bully that locks up innocent people indefinitely, humiliates and physically abuses them, and denies them the right to even know what they are accused of.

We get regular reports of Iraqi civilians, including women and young children, who have been mistakenly killed by U.S. soldiers. We have spent billions on grossly over-priced reconstruction projects that were poorly designed and may never get finished, but which made U.S. contractors rich. This is not making us safer.

—Second, is U.N. peacekeeping. The United Nations is operating 18 different peacekeeping missions. One of them, in the Democratic Republic of the Congo, is trying to provide security for the first democratic elections in half a century, while it copes with armed militias and every possible logistical challenge in a destitute country the size of Western Europe with virtually no infrastructure. This is just one example. Darfur may be next, and it will involve similar challenges and costs.

Yet while the Administration votes to send U.N. peacekeepers to some of the world’s most dangerous places, we under-fund these missions which together cost in a year less than our military spends in a week in Iraq. It is time for us and the other nations who don’t contribute any troops, to support these missions the way we would expect our own soldiers to be supported. Yet, again, your budget does not do that, and it is going to cause serious problems.

—Third, is Latin America. It has been sorely neglected by this Administration, despite protestations by State Department and White House officials to the contrary. Senator DeWine has noted it. Senator Coleman has noted it. There is no end to the interests we share with our southern neighbors—immigration being just one—and yet your programs and policies are a mere shadow of what they should be. It is a missed opportunity and this budget continues business as usual.

Madam Secretary, I voted for you because I felt you have the qualities to do a good job. I know you are trying and I think you have outstanding people here and in our missions around the world. But I have to say I think the foreign policies of this Administration have too often been misguided and harmful to our national interests.

I am sure you disagree, but I do not believe this country is safer because of these policies, and I do not believe the budget you are here to support is nearly adequate to protect our interests in today’s increasingly divisive and dangerous world.

Senator McCONNELL. Madam Secretary, I assume you have a prepared statement. If you do, we will make that a part of the record, you can make some observations, and then we will go to questions.

SUMMARY STATEMENT OF HON. CONDOLEEZZA RICE

Secretary RICE. Thank you very much, Mr. Chairman, Senator Leahy. I thank you very much for this opportunity. I will ask to enter my entire statement into the record, but I will just make a few comments so that we may have ample time for discussion and questions.

I do want to thank the members of this committee for the tremendous support that you have given to our need to support our men and women who practice diplomacy. The funding requested by the President for the State Department and for foreign operations, of course, does more than just support diplomacy, because it is really strengthening our national security. The challenges that we face are of course sometimes military, but overwhelmingly they are political and economic, and they are a matter of helping to create a cadre of states that are well governed and that are democratic.

America is of course a Nation at war and we are engaged in a conflict against terrorists and violent extremists. Across the world our Nation's men and women in uniform and the members of the foreign and civil supervisor, as well as our foreign service nationals, are shouldering great risks and responsibilities in advancing America's diplomatic mission, working in dangerous places far away from friends and family and loved ones. They are performing with courage and fortitude and heroism, and I would just like to take this opportunity to honor them, particularly those who have given their lives, and to recognize the courageous public servants and their families who endure long times of service abroad.

Mr. Chairman, the President's budget is in support of a number of core missions: first of all, of course, to defeat the extremism and terrorism that we face in the world. You will see that there is support for coalition partners and for front-line states that are literally on the front lines against terrorists. But of course we know that it is not enough to have a short-term solution to terrorism, that is defeating the terrorists who on a daily basis plot and plan to destroy innocent life, but also to deal with the creation—with the circumstances that created those terrorists. We believe that the ideology of hatred which they espouse can only be met by advancing liberty and democracy. That is the goal that we have in the support for the young democracies of Iraq and Afghanistan, for a broader Middle East initiative that seeks to press authoritarian regimes throughout a region that for 60 years has had an absence of freedom, to press for change in that region. Change is coming. It comes with turbulence, it comes with difficulty, but change in the Middle East is coming.

Of course, our democracy agenda is not limited to the Middle East, but also to continuing to press for the democratization of those places that are still not democratic in Europe. In Asia, you mentioned Burma, Mr. Chairman, and we have been very active in that front, but also to press for change—for the stabilization of de-

mocracy in places that have already had democratic elections, for instance in Latin America.

We face global challenges. HIV/AIDS—the President’s emergency plan for AIDS is to have an effect on those afflicted with AIDS and on those who might be afflicted with AIDS. We fight the counter-drug fight with allies around the world, and of course we have taken on recently the new challenge of the possible pandemic of Avian flu.

Finally, we are engaged in working with transformational states. Those are the states that we believe have the capacity to make a great leap forward. They are states that are very poor, where poverty is still a problem, but where they can be recognized for their democratic tendencies, for their good governance, for their desire to fight corruption. It is really a new paradigm for the delivery of foreign assistance and the President’s Millennium Challenge Account has been a real tool in pressing countries to deal with the kinds of problems that retard development and that retard the development of state capacity, so that American foreign assistance is not simply a crutch, but rather an enabling mechanism for states to one day become independent of foreign assistance and to be able to attract trade and investment, which is after all how states really grow.

Let me say that we have a number of initiatives under way in the Department, what we have called transformational diplomacy, and I would only mention two. That is that we have done a good deal now of global repositioning. We have repositioned 100 people from posts that are, we believe, posts that can afford to have fewer personnel, to reposition them to front-line posts in places like India and China where we really need more people.

We are also requesting more positions, but I just want the committee to know that we have made a commitment that we will also reposition existing resources, that we will not just ask for new resources, that we will indeed make the hard choices about changing our global posture, which still looks more like the 1980s and 1990s than it should in 2006.

Finally, we have also made changes in our foreign assistance under the authorities that are granted to me for the direction of foreign assistance, with the creation of a post in the Department which will help us to better align the programs of USAID and the State Department. That is about 80 percent of all foreign assistance. We believe that, with this program, which I have asked Randy Tobias to take on, and should he be confirmed by the Senate he would also be the USAID Administrator—the point here is to make sure that we make the best use of the very precious resources that we are given.

#### PREPARED STATEMENT

We recognize that the American people have been generous in their support of the diplomatic mission, of foreign assistance. We recognize that the American people want to be generous because we are compassionate when we look to helping developing societies, when we deal with humanitarian crises. But we also recognize that we have an obligation of stewardship and efficient use of those re-

sources, and we believe that this new structure should give us better opportunity to do so.

Thank you very much, Mr. Chairman.  
[The statement follows:]

PREPARED STATEMENT OF HON. CONDOLEEZZA RICE

Chairman McConnell, ranking member Leahy, members of the Subcommittee, thank you for the opportunity to present the President's fiscal year 2007 budget for State Department, Foreign Operations, and Related Programs and agencies. I appreciate this opportunity to address the members of the subcommittee and to talk about America's role in meeting the unprecedented challenges of our world today. I look forward to working closely with Congress to ensure that America's diplomacy has the necessary resources to secure our interests, advance our ideals, and improve people's lives around the world. In all of these mutual efforts, of course, we must remain committed to our responsibility to be good stewards of the American taxpayers' hard-earned dollars.

The President's fiscal year 2007 International Affairs Budget for the Foreign Assistance Programs, Department of State Operations, USAID and other foreign affairs agencies totals \$35.116 billion. This total includes \$23.72 billion for Foreign Operations and \$10.078 billion for State Operations, as well as \$1.317 billion in Public Law 480 Food Aid, and reflects a funding increase of \$3.539 billion from the level appropriated last year.

As I did last year, I want to emphasize that it is important to maintain a balance of resources between State operations and foreign assistance. The diplomatic platforms that we have—our people, our ability to operate in the field, our facilities—are the platforms from which we conduct our diplomacy and we are especially concerned that our people have the training, technology and facilities that they need, all with the requisite security. These vital components are necessary to the success of our diplomatic efforts and foreign assistance programs.

Additionally, I would like to take this opportunity to encourage the members of this committee to continue to provide their full support and leadership in passing the fiscal year 2006 Emergency Supplemental request that is before you now. This urgently needed funding will support immediate political, economic, humanitarian, and operational requirements that will allow us to meet new challenges—and seize new opportunities—to build a better, safer, and freer world.

Mr. Chairman, the funding requested by the President for State Department and Foreign Operations will do more than support our diplomacy; it will strengthen our national security. America is a Nation at war. We are engaged in a conflict against terrorists and violent extremists. Across the world, our Nation's men and women in uniform and the members of our Foreign and Civil Service, as well as our Foreign Service Nationals, are shouldering great risks and responsibilities advancing America's diplomatic mission—often working in dangerous places far away from their friends and loved ones. They are performing with courage, fortitude and heroism. Today, I want to honor those who have given their lives in this cause and to recognize the courageous public servants and their families who endure long periods of service abroad.

America's enemies remain eager to strike us, but our actions in the past 4 years have weakened their capability. Our diplomacy plays a vital role in defeating this threat. We are building partnerships with traditional allies and with new partners that share our perception of the threat. Most importantly, we are working directly with foreign citizens who wish to build thriving free societies that embrace democratic values and freedoms.

This is indeed an extraordinary period. It is a time that is unlike any other since perhaps the end of World War II, when the United States took on the mantle of creating a stable and democratic Europe. Europe at that time was weak and divided. Today it is free and at peace. We learned from that experience that if we are faithful to our democratic values we are safer and more secure. When democracy and freedom are in retreat, we are more vulnerable, which we learned in a very graphic and painful way on September 11, 2001.

The President has said that the only way to deal with the ideologies of hatred that we face in the world today is to present the world with the antidote, which is the spread of liberty and freedom. The men and women of our diplomatic service work daily in this cause. In his Second Inaugural Address, President Bush laid out the vision for American leadership in the world today: "[I]t is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our

world.” The President’s vision stems from the recognition that we are living in a time of extraordinary change, where the prospect of violent conflict among great powers is more remote than ever. Nations are increasingly competing and cooperating in peace, not preparing for war. Democratic reform has begun in the Middle East. The United States is working with our democratic partners in every region of the world to build global stability through a balance of power that favors freedom and advances liberty.

At the same time, other challenges have assumed new urgency. The greatest threats today emerge more within states than between them, and the fundamental character of regimes matters more than the international distribution of power. It is impossible to draw neat, clear lines between our security interests, our development goals, and our democratic ideals in the world today. Our diplomacy must integrate and advance all of these goals, through a strategy that is rooted in partnership, not paternalism—in doing things with people, not for them. This is the objective of our diplomatic efforts today and in the future.

#### TRANSFORMATIONAL DIPLOMACY

Mr. Chairman, the 2007 budget represents what we call transformational diplomacy. The objective of transformational diplomacy is to work with our many partners around the world to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system.

We must transform old diplomatic institutions to serve new diplomatic purposes, and we must empower our people to practice transformational diplomacy. With the generous support of the Congress, my good friend and predecessor, Colin Powell, brought American diplomacy into the 21st century. Now, my leadership team and I are building on this strong foundation and beginning the generational work of transforming the State Department and USAID. This will not only strengthen national security, it will improve our fiscal stewardship. We are committed to using American taxpayers’ dollars in the most effective and responsible way to strengthen America’s mission abroad.

In the past year, we have begun making changes to our organization and our operations that will enable us to advance transformational diplomacy. We are forward-deploying our people to the cities, countries, and regions where they are needed most. We are starting to move hundreds of diplomats from Europe and Washington to strategic countries like China, India, South Africa, and Indonesia. We are supplying our people with additional training and language skills in order to engage more effectively with foreign peoples. Our national security depends, in part, on the ability of American diplomats to speak and master critical foreign languages. We must improve our communication skills in critical foreign languages such as Arabic, Farsi, Mandarin, Hindi, and Urdu to promote our national security, foster greater economic integration, and further the agenda of freedom. Consistent with our language and education initiative, the President’s fiscal year 2007 budget includes proposals to manage for results. We are enabling our diplomats to work more closely with America’s servicemen and women creating the most cohesive and unified diplomatic team in our history.

To ensure better coordination of our financial resources I have announced the creation of the new position of Director of Foreign Assistance. This essential reform will sharpen our capability to use foreign assistance more efficiently and effectively to: further our foreign policy goals; bolster our national security; encourage prosperous, democratic and lawful societies that join us in overcoming the forces of terror; reduce poverty; and improve people’s lives around the world.

We are making these initial changes using our existing authority. The additional funding we are requesting in the fiscal year 2007 budget will help us to implement our vision to transform the State Department to meet the challenges of the 21st century. For this purpose, we are requesting \$9.3 billion for State Department operations. Transformational diplomacy begins by ensuring that our people are in the right places, with the necessary tools and training to carry their mission. We are requesting \$23 million for 100 new positions on the new frontlines of our diplomacy: key transitional countries and emerging nations in Africa, Latin America, the Middle East, and Asia. These new positions will complement the 100 positions that we are already moving as part of our ongoing effort to best balance our global diplomatic posture. This repositioning effort will require a renewed commitment to secure and to modernize many posts overseas, and we are seeking \$1.5 billion for security-related construction and rehabilitation of our diplomatic facilities.

More and more, we are calling on our diplomats to leave their families and serve overseas in unaccompanied assignments, or “hardship posts”. With your help, as

part of our effort to modernize the Foreign Service, we will institute a new pay-for-performance system that fairly compensates our men and women working abroad. New training will also make full use of dynamic new technologies, and we are asking for \$276 million to provide for our workforce the latest information technology and to support professional training needed for success.

These new tools and training will better enable our Nation's diplomats to tell America's story to the people of the world, and in turn, to listen to the stories they have to tell. We have heard the legitimate criticisms that have been made of our public diplomacy, and we are re-engineering how we do business. I have stressed that public diplomacy is the responsibility of every single member of our diplomatic corps, not just our public diplomacy specialists. We are creating forward-deployed, regional public diplomacy centers. These centers, or media hubs, will be small, lean operations that work out of our embassies or other existing facilities, enabling us to respond quickly to negative propaganda, to correct misinformation, and to explain America's policies and principles. The \$351 million that we seek will be essential to continue to revitalize our public diplomacy.

To complement our public diplomacy, we must ensure that America remains a welcoming place for tourists, students, and businesspeople, while at the same time protecting our homeland from terrorists and criminals who would exploit our open society to do us harm. The State Department, in partnership with the Department of Homeland Security, has taken new steps in the past year to realize the President's vision of secure borders and open doors. Our request of \$1.1 billion will fund the Border Security Program and enable us to hire 135 new consular officers and passport staff to meet the growing demand of foreign citizens seeking to travel to America, while maintaining its fundamental commitment to serve each and every American citizen who travels abroad. At the same time, we are seeking \$474 million to support educational and cultural exchanges, which increase mutual understanding between our citizens and the peoples of the world.

Finally, we must continue to enable our Nation's diplomats to work effectively with our partners in the United Nations and other international organizations. The United States takes its international obligations seriously, and we remain committed to strengthening the financial stability, efficiency, and effectiveness of international organizations. We seek \$1.6 billion to fund assessed and voluntary contributions to international organizations.

Mr. Chairman and members of the subcommittee, America's purpose in this young century is to fuse our democratic principles with our dramatic power to build a more hopeful world. Our purposes are idealistic, but our policies are realistic. The men and women of the State Department have risen to the challenge of transformational diplomacy with enthusiasm and courage and are helping our partners around the world to build a future of freedom, democracy, and hope.

Realizing the goals of transformational diplomacy will require a sustained effort over the course of a generation. Most importantly, it will require a strong partnership with the Congress. We will do our part to use our existing authority to make foreign assistance more effective and to enhance our ability to serve as responsible stewards of the American taxpayers' money. Our goal in establishing the new position of Director of Foreign Assistance is a first step. We welcome a dialogue with Congress about how we can work together to improve further America's foreign assistance, enabling us to respond more quickly and more effectively to the world's development challenges.

#### DEFEATING TERROR

When we speak about the Global War on Terrorism, we first think of what our military is doing in the mountains of Afghanistan or the towns and cities of Iraq. But we also need to think of the important role of our foreign assistance and diplomatic presence in places beyond Afghanistan and Iraq and in the array of states that are now fighting side-by-side with us in the Global War on Terrorism. As they are supporting us, we need to support them. In this budget we are requesting \$6.2 billion to strengthen the coalition partners who are standing shoulder to shoulder with us on the front lines in the fight against terrorism. Our assistance empowers our partners to practice more effective law enforcement, police their borders, gather and share essential intelligence, and wage more successful counterterrorism operations. In many nations, our assistance will also help to bolster thriving democratic and economic institutions reducing the societal divisions that terrorists exploit for their own ideological purposes. Our fiscal year 2007 request includes \$739 million for Pakistan, \$560 million for Colombia, \$154 million for Indonesia, \$457 million for Jordan, and \$335 million for Kenya.

Essential to winning the war on terrorism is denying our enemies the weapons of mass destruction that they seek. We must develop new tools for counter-proliferation to confront and dismantle the networks involving rogue states, outlaw scientists, and black market middlemen who make proliferation possible. We are building on the achievements of the Proliferation Security Initiative, the G-8 Global Partnership, and U.N. Security Council Resolution 1540. We are working to stop Iran and North Korea from succeeding in their quest for weapons of mass destruction, and we continue to do everything in our power to deny terrorists access to the world's most dangerous weapons, including conventional weapons like MANPADS. The fiscal year 2007 budget proposes to increase funding for the State Department's efforts to help countries counter the proliferation of dangerous weapons and materials.

#### ADVANCING LIBERTY AND DEMOCRACY

In December over 12 million Iraqi people voted in free elections for a democratic government based on a constitution that Iraqis wrote and adopted. Iraq is on a track of transformation from brutal tyranny to a self-reliant emerging democracy that is working to better the lives of its people and defeat violent extremists. The President's request of \$771 million, along with the supplemental request, is an essential part of our National Strategy for Victory in Iraq. The funding for the Department's operations and programs is a critical counterpart to the efforts of our troops in the field as we pursue integrated security, economic, and political tracks to success in Iraq. The supplemental request will fund programs that are integral to our counter-insurgency campaign and to the operation and security of our diplomatic mission, while the fiscal year 2007 request supports capacity development essential for Iraq's transition to self-reliance.

Our work also continues in Afghanistan. Four years after the United States, along with our Afghan allies and others, removed the Taliban regime, the Afghan people have established a democratic government. Millions of men and women have voted freely for the first time. Today, Afghanistan has a democratic constitution, an emerging free economy, and a growing, multi-ethnic army. Despite this dramatic progress, there is still much hard work to be done. The President's request of \$1.1 billion for Afghan reconstruction, along with supplemental funding, will allow us to continue working with the people of Afghanistan to meet the remaining political, economic, and security challenges they face.

The people of Iraq and Afghanistan are helping to lead the transformation of the Broader Middle East from despotism to democracy. This is a generational challenge. Elections are an important and necessary beginning and the freedom to choose invests citizens in the future of their countries. But one election does not complete the fulfillment of democracy. Successful democracies are characterized by transparent, accountable institutions of governance; a thriving civil society that respects and protects minority rights; a free media; opportunities for health and education; and the renunciation of terrorism and ideologies of hatred. On this last point especially, we will continue to insist that the leaders of Hamas agree to the conditions of the quartet to reject terrorism and work toward peace with Israel.

Helping the nations of the broader Middle East to make progress in building the foundations of democratic societies is the mission of the Middle East Partnership Initiative, for which we are seeking \$120 million. We are also requesting \$80 million for the National Endowment for Democracy to continue its work in promoting lasting democratic change around the world.

Progress in the broader Middle East offers hope, but the region still faces determined enemies, especially the radical regime in Tehran. Through its aggressive and confrontational behavior, Iran is increasingly isolating itself from the international community. In recent months, our diplomacy has broadened the international coalition to address Iran's nuclear ambitions. This issue is now before the U.N. Security Council.

The Iranian people should know that the United States fully supports their aspirations for a freer, better future, which is why the President requested \$75 million in supplemental funding for democracy promotion activities. As we aim to isolate the government of Iran because of its defiance of the international community over its nuclear program, it is all the more important that we make clear to the Iranian people our commitment to their well-being. The funds we are requesting in the supplemental will enable us to expand considerably our direct communication with the Iranian people through public diplomacy, educational and cultural exchanges, and expanded broadcasting.

## MEETING GLOBAL CHALLENGES

Like terrorism and nuclear proliferation, many other challenges in today's world are global and transnational in nature. These threats breach all borders and affect all nations. Today's global threats require global partnerships, and America's diplomats are helping to transform our relationships with countries that have the capacity and the will to address shared global problems.

One major global threat comes from disease, especially the scourge of HIV/AIDS. This pandemic affects key productive members of society: the individuals who drive economies, raise children, and pass on the customs and traditions of their countries. The United States is committed to treating people worldwide who suffer from AIDS because conscience demands it, and also because a healthier world is a safer world. The hallmark of our approach is the President's Emergency Plan for AIDS Relief.

The Emergency Plan is rooted in partnership. Our approach is to empower each nation to take ownership of the fight against HIV/AIDS through prevention, treatment, and care. The results to date have been remarkable. In the past two years, the Emergency Plan has expanded life-extending antiretroviral treatment to 471,000 people worldwide, 400,000 of whom are located in sub-Saharan Africa. As of last year, the Emergency Plan has extended care to more than 1.2 million orphans and vulnerable children. The President's 2007 Budget requests \$4 billion, \$740 million more than the current year, to continue American leadership in the global fight against HIV/AIDS. Additionally, the 2007 budget includes \$225 million to fight malaria, which is a major killer of children in sub-Saharan Africa. These funds respond to a pledge to increase United States funding of malaria prevention and treatment by more than \$1.2 billion over five years.

The United States is also playing a key global role in preparing for the threat of a possible avian influenza pandemic by providing political leadership, technical expertise, and significant resources. The most effective way to protect the American population from an influenza outbreak abroad is to contain it beyond our borders. The 2007 budget provides resources to continue these activities in countries already experiencing outbreaks of influenza and in other countries on the cusp of infection.

Another key global challenge is to curtail the illicit drug trade and to dissolve the relationships between narcotic-traffickers, terrorists, and international criminal organizations. The 2007 budget requests \$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 funding for law enforcement, security programs, and alternative livelihood assistance for those at risk from the trade of illicit narcotics.

The United States remains the world's most generous provider of food and other emergency humanitarian assistance. We are also helping refugees to return to their countries of origin. Where that is not a viable option, the United States leads the international community in resettling refugees here in the United States. The fiscal year 2007 request of \$1.2 billion for humanitarian relief, plus \$1.3 billion in food aid, will ensure that we are prepared to extend the reach of American compassion throughout the world.

## BUILDING STATE CAPACITY

Many states cannot meet the basic responsibilities of sovereignty, including just and effective control over their own territory. It is critical to American security to build state capacity where it does not exist, to help weak and poorly governed states to develop, and to empower those states that are embracing political and economic freedom.

We must anticipate and prevent the emergence of failed states that lead to regional instability and which become havens for terror and oppression that threaten America's security. The Office of the Coordinator for Reconstruction and Stabilization has been established to address complex and challenging situations around the globe. The 2007 budget proposes to strengthen planning efforts for countries and regions of greatest concern. We seek to coordinate the deployment of United States resources to prevent the emergence of failed states, and to respond quickly and effectively to states emerging from conflict around the world. With an early and effective response, we can reduce the need for a more robust and costly military commitment. This budget request includes \$75 million for the conflict response fund.

## HELPING DEVELOPING STATES

Where the basic foundations of security, governance, and economic institutions exist, the United States is advancing bold development goals. The President has embarked on the most expansive development agenda since the Marshall Plan, includ-

ing new debt relief initiatives, the doubling of Official Development Assistance since taking office, and performance-based funding for international financial institutions. Development is an integral pillar of our foreign policy. In 2002, the President's National Security Strategy for the first time elevated development to the level of diplomacy and defense, citing it as the third key component of our national security. States that govern justly, invest in their people, and create the conditions for individual and collective prosperity are less likely to produce or harbor terrorists. American diplomacy must advance these development principles.

Our development assistance focuses on building the tools for democratic participation, promoting economic growth, providing for health and education, and addressing security concerns in developing nations, as well as responding to humanitarian disasters. Such investments are crucial to improving the lives of people around the world and enhancing our own national security. We seek to provide the necessary tools and incentives for governments to secure the conditions for the development of free and prosperous societies.

Relieving the burden of heavily indebted countries is essential to ending a destabilizing lend-and-forgive approach to development assistance. At the Gleneagles summit last July, the G-8 agreed on a landmark initiative to provide 100 percent cancellation of qualifying Heavily Indebted Poor Countries' debt obligations to the World Bank, the African Development Bank, and the International Monetary Fund. United States leadership was instrumental in securing this agreement. We estimate that a total of 42 countries will receive up to \$60 billion in debt relief as a result of this initiative. The Budget that I present to you today supports the United States share of the multilateral debt forgiveness provided by the G-8 proposal.

We are also seeking support for our share of the G-8's assistance package for Africa. This package will fight malaria, HIV/AIDS, and corruption and help to create an environment where democracy and economic opportunity can flourish. Specifically, the 2007 budget supports the President's commitment to double assistance to Africa between 2004 and 2010. In addition, the request supports our commitment to help African countries to build trade capacity; to educate their citizens through a \$400 million Africa Education Initiative; and to combat sexual violence and abuse against women through a new Women's Justice and Empowerment Initiative.

Although Africa is a primary focus of our efforts to reduce poverty and invest in people and reform, it is by no means the only continent on which our resources are directed. We seek a total of \$2.7 billion for worldwide Development Assistance and Child Survival and Health funds.

#### EMPOWERING TRANSFORMATIONAL STATES

We also seek to empower those states that are governing justly. The flagship of our efforts is the Millennium Challenge Account, which is helping states that are making measurable progress to achieve sustainable development and integration into the global economy.

In 2002, in Monterrey, Mexico, the nations of the world adopted a new consensus on reducing international poverty. Developed nations agreed to increase their assistance to developing countries, and developing countries committed to making progress toward good governance, economic freedom, and investments in the health and education of their people. In response to this Monterrey Consensus, the Administration and the Congress created the Millennium Challenge Account, which targets new development assistance to countries that meet benchmarks of political, economic, and social development. This innovative approach partners with and invests in low and lower-middle income countries that take ownership of their own economic development.

In the past year, we have accelerated our efforts to negotiate and sign development compacts between transformational countries and the Millennium Challenge Corporation. To date, the MCC has identified 23 countries eligible for development compacts, and has approved compacts worth a total of \$1.5 billion with eight countries: Armenia, Benin, Cape Verde, Georgia, Honduras, Madagascar, Nicaragua, and Vanuatu. Nine eligible countries have prepared proposals totaling \$3.1 billion, and another six will soon submit proposals. We are seeking \$3 billion of new funding in the fiscal year 2007 budget, with the goal of approving up to 10 new compacts.

#### CONCLUSION

Mr. Chairman and members of the subcommittee, realizing the goals of transformational diplomacy will require a sustained effort over the course of a generation. Most importantly, it will require a strong partnership with the Congress. We at the Department of State will do our part to use our existing authority to make our diplomatic initiatives and our foreign assistance programs more effective and to

enhance our ability to serve as responsible stewards of the American taxpayers' money. I look forward to working with the subcommittee.

Senator MCCONNELL. Thank you, Madam Secretary.

Even though it is arguably only indirectly related to your budget, I would like to start off with the biggest issue confronting the State Department, the administration, and the country, and that is Iraq. Yesterday, I had in my office a Kentucky soldier who was in Iraq for a year. He left in January. This is a soldier who is completely apolitical, who gave me a report on his own initiative of his observations of what had happened during his year there. He served with a transportation company that was frequently squiring vehicles around the country and had a number of experiences, including 80 IED attacks on his convoys.

During the course of the year his company lost two soldiers. This soldier went on to say that extraordinary progress had been made in Iraq in every aspect that he could witness, and he also expressed his complete and total frustration that nobody in this country seems to know anything about this progress.

I know that there is a tendency to teach in journalism school that only bad news is news, but in a place like Iraq, I find a lot of soldiers completely frustrated by the fact that almost nothing that they are doing is being characterized as good work and almost no visible signs of progress seem to get out.

#### IRAQ

Could you itemize for us some of the progress you see being made? Three successful elections last year; I think everybody thinks that that is a good thing. But what are some of the indicators of progress that are not being written about and therefore not being learned about by Americans here at home?

Secretary RICE. Thank you, Senator McConnell. I would start with the political news because it is indeed very difficult when you see the bombings every day or the violence on TV. It is a harder story to tell of the political progress that is being made. I also recognize that at times it seems that the Iraqis are engaged in argumentation and debate and they cannot get this formed and they cannot get that formed. I would remind people that in fact these are people who are for the first time in their entire history, and really one of the only times in this entire region, that people who are very, very different—Sunnis, Shia, Kurds—sitting down to try and solve their problems politically, not by violence and not by repression.

Of course it is difficult and of course it is contentious. But that is the process of democracy. The forming of a government of national unity, which we have encouraged that they do it as quickly as possible, but it is not surprising when they have existential issues, like resource allocation or how to deal with the Baathists who repressed people in the past, that it is going to be contentious and difficult.

The good news is all elements of Iraqi society are now engaged in that and they are moving ahead. As you said, they have had three elections. The last one, 11 million Iraqis voted. That demonstrates that the Iraqi people want a political course, not a course of violence.

Second, it is true that the reconstruction has in some places been slower than we would have liked. But there is also very good news about reconstruction. The United States has been able with reconstruction funds to improve the capacity of an electrical grid that only had 50 percent of the generating power that the country needed. It was true that Baghdad was getting power most of the day, but most of the country was getting none. Now it is true that the power in Baghdad has been less than at the time of the war, but in part that is because the power is being spread over the entire country. We are increasing the capacity and expect that by the end of the year we would have increased that capacity significantly so that the country will have a more even distribution of power.

Schools and clinics and children going to school are really the result of the reconstruction funds that this Congress has appropriated to the Iraqi people. Probably most importantly, the Iraqi people now on any day recognize that the time will come when there will be a government elected by them governing them, over which they have a say and where repression will not be the case.

I would mention just one other thing and that is that the security forces of Iraq have improved quite substantially over the last year. During this most recent uptick in sectarian violence, the Iraqi army performed very well indeed. The Iraqi army is now often in the lead in counterterrorism operations and in stability operations. They have taken territory. They themselves are in control of 50 percent of the Baghdad area.

We are making progress then in creating security forces, in helping to improve the infrastructure of a country that had a completely deteriorated infrastructure, of getting schools and clinics and hospitals either refurbished or built, and in supporting the Iraqis in a political process that is going to lead to a dramatically different Iraq. That is the good news story against obviously a backdrop of significant violence.

Senator MCCONNELL. So what are the next important milestones that we should expect in the next few months?

Secretary RICE. The next important milestone is the formation of a government, the national unity government. Then we would expect that they will issue a program on which they will govern.

If you do not mind, I will just take one moment to clear up something. I hear a great deal of the time that the Iraqis are slow in forming this government because they are haggling over jobs. That is the way that it is sometimes put. In fact, they are developing a program on which the national unity government would govern. They are developing the rules by which they will actually govern, what will be the responsibilities of the deputy prime minister, what will be the relationship of those ministers to subordinate ministries. And they are working on who will actually take certain positions.

So you can see that it is a much more complicated set of negotiations that they are in than if they were just haggling over who was going to take the prime ministership. That said, we are pressing that they should finish this work as soon as possible. That is the next major milestone, Senator. After that, I think there will be milestones in Iraq security forces taking responsibility for larger and larger pieces of territory in Iraq.

Senator MCCONNELL. What are the Iranians doing in the country and in what way is that impeding progress for the new government?

Secretary RICE. Well, the Iranians are not helpful in the south. We believe that there are indications that they may be supporting troublemakers, militias and the like, in that region. We also are concerned that they are not always transparent in relations with people in Iraq about trying to influence the direction of Iraq.

We believe that—the Iraqis disagree, and we do not disagree, that Iran has to be a good neighbor, that they ought to have a good relationship with Iran. The British, of course, have been concerned that Iranian technology has showed up in some of the IEDs that are so devastating to personnel in Iraq. So there are several elements of Iranian policy that we find deeply troubling.

Should Zal Khalilzad exercise the authority that he has to meet with the Iranian ambassador, an authority he has had for several months, these are some of the issues that we would intend to bring up with Iran in what would be a very limited set of discussions about Iraq.

Senator MCCONNELL. Two more questions before I turn to Senator Leahy. Am I correct that American casualties are substantially down in recent months, and is that—if I am correct—a reflection of just what you were talking about earlier, that the Iraqis are taking on more and more of the burden of being on the point and dealing with the security issues?

Secretary RICE. Senator, the trends are as you noted. Of course, every casualty is one that we mourn, but the trends are in that direction. Some of it may indeed be as a result of the fact that the Iraqis are more on the front line. There are some who believe that the insurgents or the terrorists have also taken a different tactic in who they are actually going after.

But whatever the case, we would hope that as Iraqis step forward more and more that in fact they are going to have to do the brunt of the fighting. That is only as it should be because Iraq is their country.

Senator MCCONNELL. Finally, what did you make of the reports that the Russians were providing information to Saddam Hussein as we began the war?

Secretary RICE. I have gotten my hands on the document, which I wanted to do, and I have talked with the Russian foreign minister and asked them to look into this and to take it very seriously. We take very seriously any implication that someone might have been passing information that endangered the operation at the outset of the war and we will look for an answer back from the Russian Government once, hopefully, they have had a chance to look into it.

Senator MCCONNELL. Senator Leahy.

Senator LEAHY. Thank you.

Will we be able to find out what that answer is?

Secretary RICE. Absolutely. We have wanted not to conclude before we have the discussion, but it is obviously a very serious matter and we are taking it up with the Russians.

## SPECIAL COURT FOR SIERRA LEONE

Senator LEAHY. Madam Secretary, while we were waiting before the hearing began I discussed a matter with which I have a great deal of concern. That is the matter of Charles Taylor. A number of us had urged Nigeria for years to transfer Charles Taylor to the Special Court for Sierra Leone. We asked the State Department for a strategy to get Taylor to the court. We have not got that.

Finally, last week Liberia and Nigeria cleared the way for getting Taylor to the court, which was good news. But then, rather than turn Taylor over, Nigerian President Obasanjo told Liberia to just come and get him. Now we find out according to reports that he has escaped and may no longer be in Nigeria, escaped from the villa where he was sitting and involving himself with matters in a number of countries.

Now, if after all that time he has been sitting there, for all that time nothing happened, finally they said, okay, now we will turn him over, and now they let him escape, that boggles the imagination. It is totally outrageous. President Obasanjo has for years thwarted attempts to get Taylor to a court. I believe he bears responsibility for letting him escape.

I understand he plans to meet with President Bush at the White House tomorrow. I would urge you to cancel that visit, cancel that visit until Taylor is in custody of the court where he belongs. I think it would send the wrong message if he escapes one day and the next day the person who had him in custody and let him escape is greeted at the White House.

Do you want to comment on that?

Secretary RICE. Thank you, Senator. I certainly believe that the Nigerian Government has a responsibility, has a responsibility to transfer Charles Taylor safely to Liberian custody so that he can be brought to the court. I cannot confirm at this point what has happened to Charles Taylor, whether or not he has escaped. But obviously it would be a matter of the utmost seriousness if that did indeed take place.

The Nigerians indeed did take Charles Taylor, at the behest of the international community, but I think there was an understanding that he would be monitored and that he would be at some point, President Obasanjo said when there was a Liberian government, turned over for prosecution on the court, and we were on course for that. If we are no longer on course for that, then we will have to examine why this happened and have consequences accordingly.

Senator LEAHY. You said two things: one, he would be monitored; and second, when there is a government in Liberia he could be turned over. Now, they do have a democratically elected president. She was here just recently visiting, a very impressive person. I think it was known that Taylor was being monitored and he was involved in activities outside Nigerian borders. So the monitoring broke down if there was any monitoring.

So they had a couple strikes against them. One, that broke down. Two, he wasn't turned over. There was a court prepared to take him in Sierra Leone. He could have gone there. Now, if he has escaped, I think after the monitoring failed, after getting him to a

court failed, after keeping him in custody failed, I really think it would be a mistake to have President Obasanjo here with the kind of imprimatur of the United States on that visit that a presidential meeting would bring.

Secretary RICE. We consider it a very serious matter, Senator, if he has indeed escaped, very serious.

Senator LEAHY. Do you agree with me that Charles Taylor is a threat—

Secretary RICE. Absolutely.

Senator LEAHY [continuing]. To security in that region?

Secretary RICE. Absolutely.

Senator LEAHY. Many of us consider him a mass murderer too, for what he did before.

Secretary RICE. I think that it was really the President who at one point when he was in Africa insisted that he step down. We then supported the Liberians to end the violence there, in fact at one point having marines help in ending that violence. We believe now that we have a great deal at stake also in the success of the new Liberian Government.

So I strongly agree with you, Senator, it is a very serious matter.

Senator LEAHY. In that regard, considering what it cost when we did intervene, let us be willing to spend a fraction of that money now to help the new president succeed. Sometimes success is a lot less expensive than trying to clean up the mess afterwards, as you know.

#### WESTERN HEMISPHERE TRAVEL INITIATIVE

The State Department has a program called the Western Hemisphere Travel Initiative that was enacted in the Intelligence Reform Act. This was one of those ideas that kind of zips through without a great deal of debate. Now the Department of State and Homeland Security have to implement it. We are talking about how to control the Canadian border and the Mexican border. It is almost treating them as though they are both the same thing. They are not.

Canada is our largest trading partner. We have got a huge trade surplus with them, which we do not have with many countries. The State Department has a prototype of the card but there is no agreement on what format the card will be. Congress has authorized you to begin hiring staff to meet demand. Homeland Security still cannot figure out what technology it wants to use nor identify what kind of border crossing cards.

The new Canadian Ambassador to the United States, Michael Wilson, strongly opposes the proposed card. I think we are on our way to a real train wreck here. I live an hour's drive from the Canadian border. I see the travel back and forth. I see families that go across. There is a tremendous amount of commerce with the border States.

Your Department has devoted a lot of time to meet the deadline. Are you just going to implement a law and then tell Canada to catch up? Or are you working with Canada? You have a lot of people in Canada who think that they are under attack.

Secretary RICE. Well, Senator, we are working with both Canada and Mexico on this issue. There is a law that requires a standard

document for passage on the two borders and we recognize that these borders are borders on which there is a great deal of commerce, a great number, a lot of people. I can tell you that the first thought was that we would require passports and——

Senator LEAHY. I am sorry? I did not get that.

Secretary RICE. I said the first thought when this law came out was that we would require passports.

Senator LEAHY. Which would be crazy.

Secretary RICE. I was going to say that the first objection to that came from the former Governor of Texas, the President, who said that that would of course not work on borders where people move so easily. So we went—he asked us to go back to the drawing board. We did, and Mike Chertoff and I have worked to come up with an inexpensive but standard card that could be used for passage on those borders.

We are working with both Canada and Mexico. We have gotten favorable response to the initiative that Mike Chertoff and I have taken, and we will try to make it as——

Senator LEAHY. Favorable in Canada?

Secretary RICE. Favorable from—my Canadian counterpart at the time—of course there is a new government in Canada, but my Canadian counterpart at the time and Mexican counterpart understand that we have the law and they want to help us implement it in a way that is as helpful as possible.

Senator LEAHY. You said it is in the law. Has the administration considered delaying this for a while or perhaps look at it again? If a family of four, for example, from Canada is going to have to spend about \$250 to come down and visit the United States, they are not going to come down to the United States to spend money.

Secretary RICE. Well, it is our hope that, Senator, we can have an answer that is in fact inexpensive and that is perhaps a one-time issuance, where people can go back and forth who go back and forth often. I do think that we need to recognize that the law was put there because we did have in fact very porous borders on both sides prior to September 11 and there were a number of problems on both borders, even on the Canadian border, prior to September 11.

Senator LEAHY. There is one store in Vermont with a line painted down the middle because, since they changed the border, half of it is in Canada, half in the United States. Are we going to say, Joe, can you get me that box of Rice Krispies over there? I am sorry, I will toss it to you because I do not have a passport. I mean, it is going to get that ridiculous.

Secretary RICE. Well, we will try to make it as simple as possible for the people, Senator.

Senator MCCONNELL. Thank you, Senator Leahy.

Senator Bennett.

Senator BENNETT. Thank you very much, Mr. Chairman.

Madam Secretary, welcome. I too have had the recent experience of going to Southeast Asia and I can report that it is fun to go to a country where they like Americans. I was with Senator Durbin in France. We did not quite have that sense while we were there. It is fun to go to countries that not only like Americans, but want

to become like Americans themselves, want to participate in the international economy, and want very much to trade with us.

I congratulate you on the diplomatic efforts of the people we met there. The people you have on the ground there are some of our very finest. We do not often give them the sort of public accolades that they deserve. But the various Ambassadors and other State Department personnel that we met through this trip—we were in China, Vietnam, Cambodia, and Thailand. Then we made a fueling stop in Kyrgistan, which turned into an evening when they were not able to fix the airplane. So we saw more of Kyrgistan than we had anticipated, but that was interesting too.

On a more parochial note, there are several matters from the fiscal 2006 appropriations bill in which my office has an interest. I will not raise them specifically here, but I would like to send you some paper on both of these and would appreciate whatever help you can give us in nudging these things forward a little. They have gotten lost in the pattern.

#### MICROENTERPRISE

You are aware, I am sure, of my continuing support of micro-enterprise activities. This is something that I pushed since I have been a Senator and particularly since I have been a member of this committee. Can you focus on that for us just a minute as to what is included in the 2007 budget and what you see for that kind of activity?

Secretary RICE. Yes, absolutely, Senator. I can try to break out the numbers for you. I will send you the numbers, but let me just say that we have had a very strong emphasis on microenterprise in a number of places around the world. In Africa in particular, we have had a strong microfinancing, microenterprise approach.

I would note that I have visited personally several places that are, for instance, women-owned businesses, where just a very small loan allows essentially a cooperative of women to get together and make goods that they can sell on the market. We have been very supportive of microenterprise.

I also visited in Mexico very recently—it was actually when I was first Secretary, I think in my first couple of weeks, a trip to Mexico—a place that was not doing microlending, but actually a kind of small credit union that was helping communities to do microlending. So we feel very strongly that, particularly for the empowerment of women, microenterprise tends to be a very important tool that we can use.

We used it, as you know, as well in Eastern Europe. So we have used it effectively all over. The United States has a good deal of this kind of activity, but we have tried to encourage it, not just in the United States but also in the international development banks, to have a focus on microlending, because it really does do wonders and it does so for a very small amount of money.

But I will get for you a breakdown of the complete picture on how much is in this current budget.

Senator BENNETT. I would appreciate that. My experience has been that there are at least some elements in the State Department that are less than enthusiastic about this. I understand the nature. Bureaucrats do not like money they do not control. I have

not run into that during your administration. That comes out of previous efforts on this issue. As I say, I have been interested in it for the last dozen years.

So I would appreciate it if you and your leadership would continue to focus on this. Like you, I have a piece of embroidery in my office purchased from a woman in Morocco, who had I believe a \$50 loan that allowed her to buy the cloth and the thread necessary to produce this. She was working on one when I was in Morocco and I said: Can I buy that from you? She said: No, this one is already sold. So she did another one for me and sent it to me, and I keep it as a memento of how important that program is.

#### UNITED NATIONS

Let us talk about the United Nations. The United Nations has had some rough times. The Oil for Food scandal I do not think has played itself out yet, although we may have most of the problem out as a result of the Volcker report. Secretary Bolton—Ambassador Bolton has been very forceful in insisting on some changes and reforms in the United Nations and at least on the surface U.N. officials have expressed support for these fundamental changes.

Can you describe to us where you think we are on that and whether or not that is going to impact future budgets?

Secretary RICE. Absolutely, Senator. We have been very strong advocates of U.N. reform, and of course there has been complete bipartisan support for pushing that agenda and coming even out of the commission that was headed by Senator Mitchell and Newt Gingrich. It was a very good road map in a sense for a lot that had to go on in the United Nations.

We have had some progress. There are small things, like for instance there is now an ethics office, which one would have thought would have been useful some time ago, but we did finally get that. There is a peace-building commission, which should help with the process of creating peacekeeping forces and the infrastructure of stability support for countries that are going through post-stability operations. We think that is a very—post-conflict operations. We think that is a very useful new element.

As you know, the Human Rights Council, which will replace the Human Rights Commission, we supported very strongly that there should be a replacement for the Human Rights Commission. We did not think that the Human Rights Council quite lived up to what it needed to be. So—

Senator BENNETT. You mean the commission?

Secretary RICE. After the commission—when the Human Rights Council was put forward, the new Human Rights Council—

Senator BENNETT. I see, okay.

Secretary RICE [continuing]. We still thought there were considerable problems with it. So we did not vote for it. It did go through and we have agreed that we will do everything that we can to make it work because we think it is important to have a Human Rights Council.

The problem with the Human Rights Commission was at the time that Sudan was being accused of genocide it was actually sitting on the Human Rights Commission. It makes a joke of the notion of a Human Rights Commission. So we are hopeful that the

new Human Rights Council will be better, although we are concerned about some of the aspects of it.

On management reform, which to us is really the key, that is improving the secretariat and the way that it functions, improving and being able to streamline personnel decisions, being able to create efficiencies in management, and perhaps most importantly, oversight of things like peacekeeping missions, some of which have had some very bad things happen within them, or something like the Oil for Food program.

The secretariat needs to be reformed and there needs to be management reform. We have been the leaders on that. We have been very clear we agreed to a 6-month budget this time because we were not going to agree to an annual budget until these management reform issues are addressed.

So we are working cooperatively, but we have also made very clear that we have to be able to—I have to be able to come to you and say that the American taxpayer dollar is being spent well in the United Nations and that the current structures do not allow us to have the kind of oversight and transparency and accountability that we need. So we will continue to press this reform agenda very hard.

Senator BENNETT. Thank you.

I just close with a comment I just received in a conversation this morning. Senator McConnell talked about his conversation with the GI from Kentucky. A very prominent figure who has experience in this whole area said to me that the new parlor game in Europe, he said, after everybody has had a nice dinner and a few drinks and the uninteresting guests have gone home, they sit around and they play this parlor game, which is: What if, and then you fill in the blank with another country's name, had the power and influence that America has? And they speculate, what would the world be like if, France, Germany, China, India, fill in the blank, had the kind of influence and control that America has.

He said in every case, regardless of how they play it, the result is a disaster compared to the kind of world we have. You have an enormous responsibility, Madam Secretary, for the entire world, not just this country, and we appreciate the competent way in which you handle it.

Secretary RICE. Thank you, sir.

Senator MCCONNELL. Thank you, Senator Bennett.

Senator Durbin.

Senator DURBIN. Thank you very much, Mr. Chairman.

Madam Secretary, thank you for joining us. Madam Secretary, last year an overwhelming bipartisan majority of the Senate voted 79 to 19 that 2006, this year, would be a year of transition in Iraq; change would take place. The Iraqis would assume more responsibility for their own future. The United States would start looking to the day when we could leave successfully. We would hold the Iraqis responsible for good governance and protecting their own country and the President would report to us on a timely basis the progress that we are making.

Many of our colleagues have just returned from Iraq. They spent the last year there—pardon me, last week there. Some of them came back to our luncheons today with reports that were not en-

couraging. Though it may be true that the number of American soldiers being killed on a daily basis has gone down, the fact is that the killing in Iraq has increased. Some suggest we are in the midst of a civil war, of sectarian violence. This week, of course, American troops were used in an attack with Iraqi soldiers on a Shiite mosque, or at least near a Shiite mosque, involving the Sadr militia.

#### IRAQ

The question I would like to ask you is this. For the last several weeks, the President has been counseling patience to the American people. In fact, last week when the President was asked when the day would come when there would be no U.S. forces in Iraq, he said: "That will be decided by future Presidents," suggesting at least 2.5 more years that we would see American ground troops in Iraq.

Is that not exactly the wrong message to be sending the Iraqis? Should they not at this point in time believe that we plan on leaving, that they have the responsibility to protect their own country? Is not the real test of the success of your policy when Iraqi soldiers will stand and fight and be willing to die for their own country so that American soldiers can come home, a day that we have not seen yet?

Secretary RICE. Thank you, Senator. I do not think there is any doubt that it is the responsibility of the Iraqis to secure their democracy. The United States and the coalition of willing partners liberated Iraq from Saddam Hussein. But I think the Iraqis themselves understand that the creation of a functioning democracy is in fact their responsibility.

What we are there to do is to help them to get the tools and the capability to defend that democracy. They have a very difficult task because it is a country in which, first of all, in which that has never been done, in which the politics was always by either repression or violence. They are now trying, on the basis of the three elections and the constitution, to form structures of government and habits of governance that are indeed democratic and therefore require compromise and politics.

They need our support in doing that. That is the kind of support that Ambassador Zal Khalilzad is giving them. It is the kind of support we intend to give them as we help them to make their ministries more capable, so that their ministries can deliver. It is the kind of support that we intend to give them in helping their provisional leaders to become more capable.

Senator DURBIN. But I guess the point I am asking you is, should they not sense the feeling that I feel as I travel around the State of Illinois? The people I represent are impatient—2,316 of our best and bravest have died. 15,000, 16,000, 17,000 wounded. Should not the Iraqis know that we are not going to stay there forever, sit by patiently while they work out their governmental difficulties? Should they not know that we want to bring our troops home as quickly as possible? When the President says be patient, is that not the wrong message?

Secretary RICE. Senator, I think they do know that we want to come home. Indeed, I think the great majority of them want us to

come home because they want their own responsibility. We are training their security forces. Their security forces are standing up and dying in the line of fire in Iraq. We mourn every one of our own deaths, but Iraqis are dying. They are taking that responsibility.

Many brave Iraqis are dying because they are willing against terrorists to speak out for the need for democracy and for justice, judges for instance who have been killed because they were willing to try people. So the Iraqis are taking responsibility. They just do not have at this point the tools to fully secure themselves.

We have helped other—

Senator DURBIN. For 2 years—go ahead.

Secretary RICE. I am sorry. We have helped other states to have those tools. I think that the patience that the President was referring to is the need to be willing to give them the tools or to help them develop the tools, not the patience to continue to shoulder the responsibility ourselves. I think they are doing it.

I would just suggest on the government formation that we are pressing them that this needs to get done and get done very soon. But they are doing something very difficult. Sunnis were not a part of the political process until very recently and they have now been brought into the political process. They are really dealing with some of the hard issues that they must deal with in order for this government to function.

Senator DURBIN. I would just say, Madam Secretary, we have given them over the past 3 years many things, including a lot of American lives and American soldiers risking their lives, billions of dollars. Support that we have never given to other countries in the past we have given to them. We have stood by them, deposed their dictator, tried to bring them to the point of self-governance.

My suggestion is if this is descending into a civil war, as Mr. Allawi suggested, if we have opened Pandora's box, as our own ambassador, Mr. Khalilzad, has said with the sectarian violence there, that there ought to be a clear message from our Government to their government that now is the time for them to accept responsibility. For 2 years we have been told, we are training soldiers, we are training policemen, things are going along just fine. Yet the American soldiers are still there. The National Guard units are still being rotated into Iraq. The families back home are going through the stress of separation. That still continues to this day.

I just do not sense the feeling in the administration, as we voted in the Senate, that this is truly going to be a year of transition, that we will see American troops coming home. That is why the President's message I think does not make it clear and may send a mixed signal at a time when we should be extremely clear.

Secretary RICE. Senator, the President's message I think, first of all, was to a very particular question. But he has been very clear that we will come home when the Iraqis are capable of performing these functions themselves. I think General Casey has testified that we—it will all be conditions-based, but we anticipate that there can be reductions of American forces.

But I think we have to remember why we are in Iraq. I know that there were disagreements about whether or not it was time to deal with the threat of Saddam Hussein. But by dealing with the

threat of Saddam Hussein, by taking out the most murderous and aggressive dictator in the region, we have helped to create conditions in the Middle East in which it can be a different kind of Middle East, a Middle East in which you are not going to have the kind of ideologies of hatred that led people to fly airplanes into buildings on September 11.

That is a long-term project, is to leave a Middle East to our children and to our grandchildren that is not going to be poisonous in the way that the Middle East is currently poisonous. So I think when we think about what support we are giving to the Iraqis or the Afghans or to the broader Middle East initiative, that we think about it not just in terms of how it will make their lives better, but in terms of how it will make our lives more secure. That is why we are in Iraq.

Senator DURBIN. You mentioned the coalition that came together for the invasion, the coalition of the willing, as the administration called it, primarily the British and others who were supporting us, but the British larger in number than others. That coalition has dwindled, has it not, over the years? It has really become more and more an American force, with few allies actually on the ground risking their lives.

What does that tell us about the world view of what we are trying to achieve in Iraq?

Secretary RICE. Well, in fact the coalition with a few exceptions has stayed relatively stable. We have had troops from as far away as South Korea. The South Koreans just agreed to re-up on their presence there. Poland just agreed to re-up on their presence there. Some forces have been taken out, but the countries have gone to other kinds of missions. For instance, the Dutch, who removed their forces, are now very integrally engaged in the training process for Iraqi forces.

So I think you would find that if you went down the list of coalition members, with a few exceptions, we have lost very few and we have lost almost none in terms of support for the Iraqi enterprise, even if their forces are no longer on the ground.

Senator DURBIN. I do not question that many nations have sent something, and we thank each one of them for doing that. But it clearly is an American undertaking, with the help of some coalition partners, and it has become more American by the day as they have reduced their numbers and our troops have had to stand alone, or, I should say, stand more to themselves and not with the broader coalition that initially started.

I think that is a troubling development. It suggests that if the goals you describe, which sound so good as you speak them, were so clear to the rest of the world, they would be joining us, and they have not.

Secretary RICE. Senator, I just think—and I can get you the numbers, but I think with very few exceptions the numbers of states actually represented on the ground is substantially as it was when we started. The difference is that we are using more Iraqi forces. That has allowed us to rely less on some coalition forces. There are places that are now stable where coalition forces can actually be removed because those places are stable.

But yes, the United States bore, really commensurate with our size and military power, most of the weight of the military operation. Britain of course was the second largest and there have been contingents from others. But I think it is important not just to focus on the numbers. The commitment of all of these countries to actually send their soldiers into harm's way—Japan for the first time since World War II to send its forces from the Asian continent; South Korea, to send its forces into Iraq; small countries like Estonia and Lithuania and Latvia to send their forces into Iraq, because they understand the price of freedom—I think is something we ought to applaud.

Senator DURBIN. Thank you, Madam Secretary.

Senator MCCONNELL. Thank you, Senator Durbin.

Senator Brownback.

Senator BROWNBACk. Thanks, Mr. Chairman.

Welcome, Madam Secretary.

Secretary RICE. Thank you.

Senator BROWNBACk. Glad to see you here and congratulations on a lot of initiatives you have going. You have got a lot of irons in the fire and I am appreciative of them.

#### IRAN

I want to talk about, if I could, Iran and Sudan and Chad, and then finish up on North Korea, just to give you kind of the sequence of things I would like to talk about. First, I appreciate your request for the \$75 million on Iran and democracy-building in the supplemental, the bulk of that request for broadcasting purposes. I wondered if you could outline for us your current state of thinking of how we address the issue of Iran, the lead sponsor of terrorism, the lead state sponsor of terrorism in the world, apparently seeking nuclear technology for weaponizing purposes. I do not know that anybody knows that for sure. But I would appreciate your thinking about how do we go at Iran?

Secretary RICE. Thank you, Senator. I think there is no doubt that Iran is the single biggest threat from a state that we face. As you have put it, it is the fact that they are seeking, we believe, a nuclear weapon, indeed they are seeking—or at least they are seeking under cover of civil nuclear power to acquire the technologies that would make them capable of creating a nuclear weapon. They are the central banker for terrorism in the Middle East and problems in Iraq, problems in Lebanon through Hezbollah, problems in the Palestinian territories through some of the arms that they use of terrorism, and of course it goes without saying an unelected few who repress the aspirations of the Iranian people.

So we have built an international coalition—the diplomacy I think has gone relatively well—to tell the Iranians that they will be isolated from the international community if they continue to seek the weapons, the nuclear activities that they are seeking, that could lead to a weapon.

We need now to broaden that thinking and that coalition, not just to what Iran is doing on the nuclear side, but what they are also doing on terrorism. Those are some of the discussions that I have with these same states, that we cannot on the one hand talk about the need for a peace agreement in the Middle East and turn

a blind eye to what Iran is doing in the Palestinian territories. We cannot talk about getting rid of Syrian influence in Lebanon and having democracy in Lebanon without thinking about what the Iranians are doing for Hezbollah.

So we have a number of tools I think at our disposal, including in sharpening the contradiction between the Iranian people and a regime that does not represent them through our democracy activities, through broadcasting, through support for nongovernmental organizations there, through highlighting the Iranian human rights record, and if necessary within the U.N. Security Council going to other measures that, should the Iranians not turn around on their nuclear effort, going to other measures that would further isolate the Iranian Government.

So we have a full program, but I think diagnosing the problem is the most important, and it is that Iran is a problem not just on the nuclear side, but also concerning terrorism and its human rights record at home.

Senator BROWNBACk. Are you getting cooperation from the Europeans to a fair degree on this? It seems like we are getting a lot more—I hear of a lot more, but I am not seeing the actions by the Europeans.

Secretary RICE. We have been very united with the Europeans on the nuclear issue, completely united. Indeed, we have been able to bring the Russians along to a degree, but we have had to work harder on that and on the Chinese. The Europeans also increasingly note the problems with the Iranian regime. In this regard, the rise of President Ahmadinejad, who talks in very clear, shall I say, ways about the ambitions of the Iranian regime, has made it clearer to allies who thought, I think, that the Iranian regime was just a normal regime whose interests could be accommodated, to really worry about the true nature of the Iranian regime. When you have a president of a country saying that another country should be wiped off the map, that is just not right in civilized company in the diplomatic arena, and I think it has helped crystallize what kind of regime Iran really is.

#### SUDAN AND CHAD

Senator BROWNBACk. I want to speed into other topics quickly. On Sudan and Chad, it looks like the genocide in Sudan is spreading to Chad and many of the same tools being used. I am hopeful that we can get NATO involved in this operation. The United Nations, the African Union has worked some and been somewhat helpful, but it has not stopped it at all, and it appears to be starting back up again.

Do we have a decent chance of getting NATO involved in the Sudan-Chad border area?

Secretary RICE. Well, I think we certainly have a very good probability of getting NATO involved in support of first the African Union mission. NATO is there, as you know, providing some support. But perhaps in a more robust way logistically. One of the problems is mobility for the African Union forces, so you can imagine NATO more helpful on some of the mobility issues so that the monitors can go out to places, which when there is monitoring the violence is less. It is just that it is a very, very big area.

We also expect that when there is a U.N. force, which will be more stable and more capable, that NATO can contribute also to the effectiveness of that force. The President talked with NATO Secretary General Yabu Skeffer when he was here last week. I have also had conversations, Senator, just very recently with the head of the AU and with the Nigerians, who have great influence in the AU, because the AU needs help. Sometimes they send mixed signals about whether they want help because the government of Sudan sends mixed signals.

We are all for a peace process going forward and we are working very hard on that peace process. But we also have to be sure that the violence does not worsen in the meantime. You rightly note that western Darfur, where the troubles in Chad threaten to really create a really bad situation, we have got to deal with that, and we can only deal with that with more robust security forces.

Senator BROWNBACK. Well, I think we are really going to have to step it up. I applaud what the President has done on it, but people are still dying and they are dying now spreading into Chad. I appreciate what you have done. I appreciate particularly what the Assistant Secretary has done, being over there four times. The President is very aware of it. But the genocide continues and it is spreading now into another country. I would really implore you to step it up further.

#### NORTH KOREA

I noted in one of your testimonies recently you were calling for North Korean refugees to be admitted to the United States. Thank you. It is in the North Korean Human Rights Act, to allow that to take place. I talked with Secretary Chertoff about allowing them into the United States. That has been the holdup before, has been the Department of Homeland Security. So I am really hopeful we can.

I think it really would send a strong signal to the North Koreans that we are serious about this and that the human rights issues are at the core of the violations of what this regime has done in North Korea. In 2 weeks we will have a group, a North Korean rally here on Capitol Hill with a number of refugees. I hope, if your schedule would allow it, you or even the President could meet with some of these refugees. They have incredible stories to tell of what they have experienced and the difficulty that they have had.

But I do think us going not just at the nuclear questions on the Six Party Talks, which I think is good and important, but to expand the debate into the human rights area, where the North Koreans are amongst the world's worst, if not the world's worst on human rights violations—and you have got a lot of people coming out now to talk. They can tell real stories about, this is what I experienced there. It would be very useful and an important thing to tell on what this regime is.

Secretary RICE. I agree completely, Senator. We also, as you know, have a human rights envoy in Jay Lufkowitz, who is trying to spread the word also around the world. We think one of the important elements here is to mobilize public opinion internationally about the human rights situation in North Korea.

## AID TO AFRICA

Senator BROWNBACK. We are working on a bill on African aid, mirrored after the malaria effort that the President did last year. When we dug into this topic, we found that about 90 percent of our malaria funding was going to conferences and consultants, and most of the African leadership was saying: We know what to do here; we do not have any money to do it with. So they wanted assistance for bed nets, sprays, drugs, and they said that will really help. The President redirected the funding.

What I have noticed in the African aid area the times I have been there is that we have put millions, billions of dollars into aid in Africa and there are many countries that are worse off today than 20 years ago. A lot of the money is scatter-shot. A lot of the money is spent on conferences and consultants and in capitals, and the problem is outside of the capitals and it is not needed for another building in the capital city.

So I would like to see us—and we are working on this—to go at this approach, where we get, let us say half of the aid that goes to Africa goes for things or training Africans to do things, like doctors or teachers, rather than conferences and consultants. We will be working further with your office on that.

Secretary RICE. Well, thank you, Senator. We will be a willing partner in that, because I think building capabilities, not building dependency, is part of this. I think also making sure that we are getting out and really touching people's lives is very important. Randy Tobias will I think be a focal point for that should he be confirmed.

Senator BROWNBACK. I have already met with him. Thanks.

Senator MCCONNELL. Thank you, Senator Brownback.

Senator BOND.

Senator BOND. Thank you very much, Mr. Chairman.

Madam Secretary, I just returned from meeting with a lot of your people in Seoul, Korea, and in Delhi, in New Delhi. Some of the things just seem to make sense to me, that we ought to be using some of that malaria money for DDT spraying. That would save a whole lot of lives with minimal risk.

But in North Korea the anecdotes we had, I tell my colleague from Kansas, what they told us: They rescued a full-grown man from North Korea who had fallen in the river. They outfitted him—it was easy to outfit him because the full-grown man was 5 foot 1 and weighed 120, because of the near-starvation diets they live on.

They have got a great project, an industrial park, just over the line in North Korea. The stories we hear is that the North Korean Government would be paid \$50 a month for the labor, the laborers, and the laborers may get a whopping \$5 or \$6 a month out of it. That obviously, I concur with Senator Brownback on the extreme problems there.

I want to commend your operations in India. I had a thorough briefing with your USAID Director there and they seem to be doing the proactive things, bringing in all the different resources that are needed to help India with its tremendously overwhelming poverty issue in so many of the rural areas.

One of the things I particularly commend them is their participation in the President's agricultural knowledge initiative in India. The USAID office there is going to U.S. land grant colleges, which makes a whole lot of sense to me, and they will bring in the ag econ experts, they will bring in farm credit resources, and they also need to bring in food processors.

#### AFGHANISTAN

Now, India is going to have to wake up and lift some of the regulatory redtape burdens on businesses. I told them that we are more than willing to help if you have a system under which U.S. businesses can come in and provide assistance. But I recall the question I have asked you previously, because when I returned from Afghanistan I learned from the president of Afghanistan and people over there, including our uniformed officers, that they are not getting the agricultural assistance that they need. It was apparently a contractor had not been able to provide those resources.

It was my recommendation that USAID reprogram a small amount of that money and work in concert with our very able and dedicated land grant colleges to bring extension service personnel over. I wonder if there are funds that could be reprogrammed, because it is critical in the effort to stabilize Afghanistan when we—when, let us say, not “we,” but when the poppy fields are destroyed, the poppy farmers have an alternative source of income and some way of getting back on their feet, whether it is pomegranates or other crops that they raise.

Is there some way that money could be reprogrammed? Or what can you do on that?

Secretary RICE. Well, we do have a substantial alternative livelihood program going in Afghanistan to try to support the anti-drug efforts there. I think, Senator, at one point we talked about needing to have a strong agricultural program in Iraq as well. Of course, we, as you say, have this new initiative in India.

As I understood your intervention the last time, you were asking, though, more about the structure of what we are doing than just are we spending money; in other words, the use perhaps of extension programs and of the land grant colleges. We will take a look at whether our programs are able to fully deliver. I am actually a big fan of the land grant colleges. I know the good work that they have done in agricultural extension. They are very popular because of what they have done in India during the Green Revolution and going forward.

Again, it is something that we will certainly want to look at with our Afghan people. I do not know about the reprogramming of monies that have already been dedicated to what is a substantial program on alternative livelihoods, but it is something we would certainly want to look at in the structuring of our programs. So I think it is a very useful thought.

Senator BOND. I have done a lot of inquiry about the effectiveness of our agricultural efforts in Afghanistan, both from knowledgeable experts in agriculture from the United States, our leaders in that part of the world, and from the Afghan leadership itself. The simple answer is it is not working, and I can give you more details if we have a face to face discussion. But it is not working

and we are just trying to make sure it works, because I think everybody realizes if we cannot wean the Afghan agriculture off of its poppy production then we are going to have continuing problems.

It should not be that hard once you give the farmers on the ground an alternative crop. They are not getting that much from poppies. It is the warlords who are making the money off of it. But indigenous agriculture, if brought back, ought to be able to give them the livelihood, and we need to deal other ways with the warlords to get them out of the production business.

Well, let me leave it at that.

Secretary RICE. I would like to—we should talk about that, Senator. I would like to hear what you have heard.

Senator BOND. If you would give me a call—

Secretary RICE. I will do that, absolutely.

Senator BOND. I would be happy to discuss that with you.

Secretary RICE. Thank you.

Senator BOND. Thank you very much, Mr. Chairman, and we appreciate, Madam Secretary, all you are doing. I would say that as I have traveled around the world your efforts and the President's efforts have really inspired people in many countries. India is one of the most enthusiastic countries. They talked about the nuclear initiative that the President proposed. That was new to me, but I have done my due diligence and I agree with the President and will strongly support the President in his proposal that can provide the energy that India needs to begin to bring its population up, particularly in the rural areas. Thank you.

Secretary RICE. Thank you, Senator.

Senator MCCONNELL. Thank you, Senator Bond.

#### BURMA

Thanks to the leadership of the President and you, the world's list of pariah regimes is slightly smaller than it was when you came to office. We can safely remove from the list Iraq and Libya. Regretfully still on the list is a country that I have a great deal of interest in, that you and I have discussed on numerous occasions, and that is Burma.

Nothing ever seems to change in Burma since the democratic election in 1990, which was swept by Aung San Suu Kyi's party, the National League for Democracy. Shortly after the election Suu Kyi was put under house arrest and, except for a brief period a couple of years ago, she has remained there for 16 years.

I am told the Malaysian foreign minister went to the country recently. I do not know whether he requested to see Suu Kyi or not, but he did not. In fact, he did not even see Than Shwe, the top general.

What in your view could the United Nations do to begin to squeeze this regime? What are you and the administration doing to try to move the United Nations in that direction? If we are having problems increasing pressure against the regime, who is preventing progress toward shedding the kind of light on that regime that it well deserves and is the only way that gives us a chance to change it down the road?

Secretary RICE. Thank you, Senator. Well, absolutely Burma is one of the very worst regimes in the world. We have succeeded over

the last year in getting a discussion of Burma at the Security Council. We finally were able to remove the blocks to doing that and I think that did raise the profile for a lot of countries that perhaps did not focus as intensely on what was going on in Burma. For instance, a number of my European colleagues told me that after that discussion they went back and looked at what they had been doing on the Burma human rights dialogue and that they are now increasing their activities concerning this. So that is very helpful.

But the truth of the matter is we need more help in the region. We need from the Southeast Asians and from ASEAN, which has from time to time told us that they would engage in quiet—

Senator MCCONNELL. Other than canceling the ASEAN meeting which was originally going to be in Rangoon this year, have any of the ASEAN countries developed greater interest in this problem?

Secretary RICE. ASEAN actually issued a reasonable statement on Burma and asked that the Malay chair go to Burma. I think that the thought was that they would see Aung San Suu Kyi. I guess that that did not happen, but they continue to press to see Aung San Suu Kyi. That is a good thing.

We have pressed very hard—the Indonesian president went to Burma and I know that he did talk very directly with the Burmese about their isolation. We need actually China to be more active on this front. We have our human rights problems—

Senator MCCONNELL. India as well, I suppose.

Secretary RICE. India as well.

We have our human rights problems with China, but it is not like Burma, and we would hope that they would raise some of these issues. India is a democracy and of course should raise this, and the president of India assured us that he would. So we are working the diplomacy. We have gotten a couple of good statements. I think we have gotten renewed interest from the Europeans.

Of course, we are sanctioning everything concerning Burma. We do not allow travel and the like. So we have taken those steps.

Senator MCCONNELL. I was the author of that bill.

Secretary RICE. You were, and we use it to its fullest.

Senator MCCONNELL. We both know it is not likely to do much good unless we get more cooperation.

Secretary RICE. That is what we are trying to do.

I do think that we have, by raising the profile, we have brought other countries on board. Frankly, I think the ASEAN is somewhat embarrassed by Burma and is therefore somewhat more active.

I found myself in an unusual position up at the United Nations, Senator, during the U.N. General Assembly. We had an ASEAN meeting and I suddenly realized the Burmese foreign minister was in attendance. He launched into a discussion about how the biggest problem that was faced was drugs. I was glad actually at that point that I did have a chance to confront him directly about Burma's human rights record. So I think we have to continue to do that and we have to continue to press countries in the region to take an active and more public line concerning Burma. Places outside of the region, places like Europe, can make a difference.

Senator MCCONNELL. When you meet with the Chinese and the Indians, is Burma your agenda?

Secretary RICE. Absolutely, every time. Not just my agenda. It is on the agenda for the President. He raises it as well.

#### BELARUS

Senator MCCONNELL. One other country I would like to discuss. I had a chance on a trip last summer to meet with some of the potential opposition from Belarus. What do you make of the status of the opposition in the wake of the unfair election that occurred recently, and do you have any hope that that regime might change from within.

Secretary RICE. Well, I am glad that there was opposition this time, Senator. I think that is an achievement in a place that is the last really bad dictatorship in Europe. The Lukashenka Government is beyond the pale in comparison to anybody else in Europe.

The fact that there was actually a single opposition candidate was in large part thanks to efforts that we and the Europeans and the Lithuanians had made to encourage the opposition to find a single focal point around which to rally, and they did that. I was with them in Lithuania and at that time they were very fractured. They came together. They were able to put forward a single candidate. He actually did get double digits in the vote, which is extraordinary given how unfair this election was.

Senator MCCONNELL. I assume there were no international observers?

Secretary RICE. There were. The OSCE was there and they declared it not free and fair. But there were observers there. That is a step forward. I am told that, despite the unfair playing field, there was a lot of press coverage, even some underground press about what is going on there. I noted today a little news item that Lukashenka has for some reason decided to put off his inaugural for a few days. We do not know the reason for that, but I do know that the opposition is planning to put up posters that continue to challenge him. People stood in the streets. They were arrested. They are still fomenting against the regime.

So it is the nascent, incipient stages of opposition in Belarus. But it is far more lively than, frankly, I would have guessed a year ago when I met with what was a very fractured opposition in Belarus. I do not believe that Lukashenka under these circumstances and under greater isolation—you know that the Europeans have put forward some further sanctions. We also will put forth some further sanctions.

I think he has been surprised at the opposition and the fact that there is opposition to him. I think it is a good thing.

#### REFORMS IN UKRAINE

Senator MCCONNELL. Finally, I had a chance also to be in Ukraine last summer, and we have all followed with interest the elections there. Ukraine seems to be shifting back in the direction which it shifted away from during the Orange Revolution. I am curious as to what your observations are about that election and what it portends for the reform movement in Ukraine, a country desperately in need of genuine reform.

Secretary RICE. Well, Yanakovic, the deposed leader the last time around as a result of the Orange Revolution, did win the single largest vote count, but it was not large enough to form a government by any means. In fact, Team Orange, the two separate parts of it—part of the problem was that there was a split in the people who led the Orange Revolution. But if you put those numbers together they actually have greater vote count than Yanakovic did. Tomoshenko and Yoshenko together have a greater vote count than Yanakovic did.

So I think it is probably fair to say that the expectations of what the Orange Revolution could deliver probably were out of line with what they were actually able to deliver. They did have some splits, personality differences, policy differences, that weakened their united effort. But we will see now what happens in government formation.

I am encouraged by the fact that you still had, despite all the problems that the reform movement has had, that you still had more votes on that reform side than you had on the side of the Party of Regions, which is the Yanakovic—

Senator MCCONNELL. Under their system, what does that mean, that the reformers will have a majority in the parliament?

Secretary RICE. Well, it means that now you have separate blocs and they will now have to form a government. So some combination of blocs have to come together in order to appoint the prime minister.

I should say that of course we will work with whatever government comes into being there. It is our hope that whatever government comes into being, whether that is the bloc that includes Team Orange or if it is the Yanakovic bloc, is going to be respectful of what the Ukrainian people have clearly spoken for, which is reform, independence of Ukrainian policy, and a desire to have good relations with the West.

So we will see how this turns out, but that is what is now happening. There were several blocs of parties, several parties that got votes. They now have to form a government and no single party has enough to form a government on its own.

Senator MCCONNELL. Well, Madam Secretary, thank you so much for being here today.

#### ADDITIONAL SUBCOMMITTEE QUESTIONS

There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing.]

#### QUESTION SUBMITTED BY SENATOR THAD COCHRAN

*Question.* President Ellen Johnson Sirleaf addressed a Joint Session of Congress 2 weeks ago, and met with Congressional leaders and the President to discuss her reform agenda for Liberia. Africa's first woman president made a very positive impression on many of us in Washington.

After decades of civil war, Liberia has no shortage of problems. Given America's historical ties to that country and support for President Johnson Sirleaf's reform efforts, the House included an additional \$50 million for assistance for Liberia in its supplemental bill.

Madam Secretary, do you support additional funding for Liberia—a democracy dividend, if you will—and is it in America's security interests to improve governance in Liberia?

Answer. Thanks to strong Congressional support in fiscal years 2004, 2005, and 2006, the United States has been able to play the leading role in helping Liberia begin recovery from 14 years of civil war, generations of corruption, and a near-total absence of government services and of respect for human rights and the rule of law. This funding is key to helping the new government of Liberia establish the conditions for consolidating the peace and building prosperity.

Our fiscal year 2006 programs, in addition to the Administration's fiscal year 2007 request of \$89.945 million for Liberia, will accomplish our goals of reconstructing schools, hospitals, and government buildings; expanding primary health care and post-war rehabilitation and reconstruction activities; providing civilian police to the U.N. mission to monitor, mentor and reform the Liberian National Police; supporting security sector reform to create a professional, capable and fiscally sustainable Liberian military; supporting the return and reintegration of Liberian refugees and internally displaced persons; and many other activities.

We plan to sustain the long-term, multi-year commitment necessary to support Liberia's reconstruction efforts by maintaining programs and funding levels to meet Liberia's needs. We have ongoing discussions with the Liberian government about the country's needs and will continue to consider those needs in conjunction with our policies and budget priorities. We will, of course, work closely with Congress in formulating and pursuing these priorities.

As for the impact on America's security interests of improving governance in Liberia, the connection is clear. Liberia's civil conflict was driven in large measure by a history of poor governance, exclusion, and corrupt misrule. Improved governance will enhance Liberia's stability and prevent conflict; help address the needs and aspirations of Liberians; and set the foundation for investment and economic growth. Accomplishing these goals will clearly advance America's security interests in West Africa.

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QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

*Question.* Reports of executions in Iraq continue to grow. The New York Times this weekend, described a pet shop owner, a Sunni, seized by gunmen. His body was found the next morning at a sewage treatment plant. He had been hog-tied, his bones broken, his face and legs drilled with power tools, and finally he had been shot. In the last month, hundreds of men have been kidnapped, tortured, and executed in Baghdad. The city's homicide rate has tripled from 11 to 33 a day, according to military reports. The period from March 7 to March 21 was typically brutal: at least 191 bodies, many mutilated, surfaced in garbage bins, drainage ditches, minibuses, and pickup trucks.

Former Prime Minister Ayad Allawi has said, "If this is not civil war, then God knows what civil war is." Prime Minister Jaafari has blamed "foreign terrorists" for these attacks on Sunni civilians rather than Shiite-militias; but he depends on the political support of those militias."

Where does the Administration draw the line between sectarian violence and civil war? Whichever term you prefer, how does this growing violence, these waves of executions, affect U.S. policy in Iraq?

Answer. The increase in sectarian violence is a major concern to us and is one of the prime issues raised at every level with Iraqi governmental and political leaders. Nonetheless, we do not see this as a civil war. In Iraq, only terrorist leader Abu Musab al-Zarqawi and his Al-Qaida in Iraq organization is calling for civil war.

Given the large turnout in Iraq's elections and the broader support expressed for the efforts to form a government inclusive of all Iraqis, we believe that Iraq can and will overcome its ethnic and religious differences. Indeed, Iraq's political leaders are committed to a government of national unity. Progress on the formation of that government of national unity continues despite an upsurge sectarian violence that began with the February 22, 2006 bombing of the Golden Mosque in Samarra. Those who attacked the Golden Mosque sought to exploit divisions among the Iraqi public and the political leadership to foment and prolong sectarian strife. Iraqi government and religious leaders alike, in a demonstration of national unity, condemned the attacks, called for an end to sectarian unrest, and for security forces free from sectarian and militia loyalties.

The United States and international community joined Iraqis in denouncing the attacks and underscored the importance of national unity and defying the terrorists and extremists who seek to provoke such conflict. The USG has been in touch with

Iraqi leaders to urge calm and will do our utmost to support the Iraqi government's efforts to achieve it.

The violence in Iraq only underscores the importance of our mission there. Helping the Iraqi Security Forces develop their capacity to secure their own country while carrying out a campaign to defeat terrorists and neutralize the insurgency is and continues to be our objective.

*Question.* Russia has become an increasingly difficult partner for the Administration, in Europe, in the countries Russia thinks of as its "near abroad," and beyond. The Administration has worked to strengthen ties with Russia, but the effort seems to have turned sour. What went wrong? The Russian government has tightened its grip on non-governmental organizations at home. It has a mixed record in dealing with Iraq and Iran, and Russian authorities may have passed sensitive military information to Saddam's government before the start of military operations in Iraq. These are matters of serious concern, as are Russia's outreach to Hamas, and its support for the undemocratic regime in Belarus. How does the Administration intend to face these challenges? What trajectory do you see the U.S.-Russian relationship following today? Does Russia still merit a place at the table with the members of the G8?

*Answer.* The United States is deeply concerned and candid about problems in United States-Russia relations and United States-Russia differences. These include the direction of Russia's internal evolution, including democracy, and many aspects of Russia's relations with its neighbors.

In discussions with Russian officials, we have been frank about our differences and concerns. For example, we made clear our concerns about the new NGO law, through both diplomatic channels and public fora as the bill was considered by the Russian Duma. We believe that our attention moved the Government of Russia to modify that bill. Now that the bill is law, we remain concerned about its potential impact on Russian civil society. We have pushed for fair, transparent, and consistent implementation of the law and intend to monitor the law's implementation closely. We will continue to press for robust democratic development in Russia more broadly.

On Belarus, the United States has acted in concert with our European partners to press for democratic elections and to protest the fraudulent ballot that took place March 19 and the subsequent crackdown against opposition leaders and other Belarusian citizens. We have also expressed our disappointment with Russia's defense of these fraudulent elections and its condemnation of the performance of the OSCE Monitoring Mission, which documented that the elections were not free or fair. We have urged Russia to take a more constructive approach by pressing Belarus towards democratic reform and urging it to fulfill its OSCE commitments.

President Bush has emphasized the importance of historical perspective: history is on the side of freedom. Speaking at Freedom House March 29, he reminded us that the "advance of freedom is the story of our time," and that "it's an interest of a country like Russia to understand and welcome democracy." That is why President Bush is committed to maintaining a frank discussion with Russia, aware that this path may not yield immediate solutions, but remains far more promising than seeking to isolate Russia.

In this context, we continue to believe that attending the G8 Summit, a forum in which we advance our interests on major global issues such as energy security, is the right course of action. As President Bush has said: "I think that it would be a mistake for the United States not to go to the G8. . . . I need to be in a position where I can sit down with [President Putin] and be very frank about our concerns."

A balanced and honest view of United States-Russian relations must recognize areas of progress, too. It is in our interest to continue to seek cooperation with Russia, including on counter-terrorism, nonproliferation, Iran and the Middle East.

On Iran, Russia has joined the international community in seeking an end to Tehran's pursuit of nuclear weapons, most recently by joining other members of the U.N. Security Council in issuing a March 31 Presidential Statement that expresses support for the IAEA's call on Iran to suspend all enrichment-related activities and return to negotiations.

On Iraq and the possible compromise of military information, I have made clear to Russian officials, both publicly and privately, that the United States takes these reports seriously, we hope Russia does also, and will respond to our inquiries with a serious answer.

*Question.* A growing body of literature points to the importance of nutrition in preventing progression from HIV to AIDS and in supporting the care of AIDS patients. Seven out of 15 focus countries under the President's Emergency Plan for AIDS Relief (PEPFAR) are food insecure. PEPFAR has begun implementing 6-month bridge programs for individuals receiving ARVs, but their nutritional needs

will likely persist or reappear after this 6-month period. What is the U.S. strategy to integrate food security and nutrition programs with our HIV/AIDS treatment programs? How are we coordinating with the World Food Programme, USAID's Food for Peace, and private voluntary organizations to integrate food and ARV programs?

Answer. The areas that are affected by HIV have long been plagued by systemic and chronic food insecurity. Food insecurity and consequent nutritional problems do play a role in every aspect of the Emergency Plan. However, factors contributing to the resolution of food insecurity are extremely complex, and largely beyond the scope of the Emergency Plan. Other organizations and international partners have a strong comparative advantage in the area of food assistance, agriculture and food security. Therefore, a key precept of interventions supported by the Emergency Plan is to remain focused on HIV/AIDS and the factors that may increase food/nutrition needs for people living with HIV/AIDS (PLWHA), and thus to provide support for food only in limited circumstances, while leveraging other resources when possible.

The Emergency Plan is committed to evidence-based best practices in providing food and nutritional support for PLWHA receiving care and treatment. Recognizing that this is too large and complex a problem for any one agency to handle on its own, the Office of the Global AIDS Coordinator (S/GAC) will partner with other U.S. Government agencies, namely USAID, USDA, HHS, and Peace Corps, as well as relevant U.N. agencies and the private sector, to leverage resources to carry out targeted, therapeutic and supplementary feeding, micronutrient supplementation, and food security and livelihood support.

Interventions to address the food and nutrition needs of PLWHA work at multiple levels and involve a variety of partners. The Emergency Plan strategy considers specific objectives, such as: to improve quantity and quality of diet among PLWHA and Orphans and Vulnerable Children (OVC); build or replenish body stores of nutrients; prevent or stabilize weight loss; preserve and gain muscle mass; prevent diarrhea and other infections; speed recuperation from HIV-related infections; and prepare for and manage AIDS-related symptoms that affect food consumption and nutrient utilization.

We have established an inter-agency working group to identify program models and comparative advantages in this area. Membership includes USAID, USDA, HHS, and Peace Corps. And we are consulting with potential partners, such as the World Food Program, Food and Agriculture Organization, WHO and UNICEF, as well as PVOs and others from the private sector. A report to Congress detailing the Emergency Plan food and nutrition strategy is currently in development, and will be published in May 2006.

*Question.* Secretary Rice has said that the Department of State will forward deploy officials to high priority cities and countries. How does the Department plan to provide adequate security for these forward-deployed officials, particularly in "presence posts" where it will establish only minimal infrastructure?

How are the departments of State and Defense providing for the security of personnel serving in provincial reconstruction teams in Afghanistan and Iraq? Are these teams getting the "force protection" support they need to do their jobs effectively?

Answer. The Bureau of Diplomatic Security is currently participating in an inter-departmental working group that is studying the concept of American Presence Posts (APP) and developing guidelines and procedures for opening APPs. The Secure Embassy Construction and Counterterrorism Act (SECCA) of 1999 (Public Law 106-113) requires that any new diplomatic facility meet collocation and 100-foot-setback statutory requirements. The collocation, setback, and waiver requirements uniformly apply to embassies, consulates, and American Presence Posts (APPs). Once a post has identified a potential APP site, the Regional Security Officer (RSO), in coordination with DS Headquarters and the Bureau of Overseas Buildings Operations (OBO), will conduct a physical security survey of the location to determine security requirements. APP sites must adhere to or be in the final stages of compliance with the Overseas Security Policy Board (OSPB) standards prior to occupancy. Additionally, waivers to SECCA and exceptions to OSPB standards must be obtained for any site deficiencies that cannot be remedied.

The Department of State continues to provide security for Provincial Reconstruction Teams (PRTs) based in Regional Embassy Offices (REOs) throughout Iraq. The substantial security features of REOs include, but are not limited to, perimeter security in the form of "T-walls," access control measures, anti-ram barriers, mylar on office windows, sandbags on housing trailers, and bunkers for use during sustained attacks. The amount requested in the Iraq supplemental under consideration by Congress will provide funding for perimeter security upgrades and overhead cover for housing and common use facilities. Extensive local guard programs, protection details, and an armored vehicle program support State Department personnel in the

execution of their mission off compound. The Department of Defense is responsible for security at PRTs established on U.S. military forward operating bases (FOBs) and incorporates similar security programs for the protection of PRT personnel.

At the present time, there are at least 752 U.S. military and civilian personnel assigned to 23 PRTs located throughout Afghanistan. There are currently nine PRTs under International Security Assistance Forces (ISAF) responsibility and fourteen under the responsibility of Operation Enduring Freedom (U.S./Coalition Forces). Force protection for U.S. civilian personnel assigned to PRTs is the responsibility of the military commander of the PRT. Force protection and security responsibilities for U.S. civilian personnel assigned to PRTs under U.S. military control are outlined in an MOU between Combined/Joint Task Force-180 (CJTF-180) and the U.S. Department of State signed in 2002.

No formal force protection/security agreement exists for U.S. civilian officers assigned to ISAF/NATO controlled PRTs. However, informally it is understood that U.S. personnel receive the same level of force protection as required by the host nation's senior civilian PRT staff.

#### SUBCOMMITTEE RECESS

Senator MCCONNELL. Thank you all very much. The subcommittee will stand in recess to reconvene at 2:30 p.m. on Thursday, June 8, in room SD-124. At that time we will hear testimony from the Honorable Randall L. Tobias, Administrator, United States Agency for International Development.

[Whereupon, at 3:42 p.m., Thursday, March 28, the subcommittee was recessed, to reconvene at 2:30 p.m., Thursday, June 8.]



**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2007**

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**THURSDAY, JUNE 8, 2006**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 3:04 p.m., in room SD-124, Dirksen Senate Office Building, Hon. Mitch McConnell (chairman) presiding.

Present: Senators McConnell, Brownback, and Leahy.

**UNITED STATES AGENCY FOR INTERNATIONAL  
DEVELOPMENT**

**STATEMENT OF HON. RANDALL L. TOBIAS, ADMINISTRATOR**

**OPENING STATEMENT OF SENATOR MITCH MC CONNELL**

Senator McCONNELL. Okay, why don't we get started?

Welcome, Ambassador Tobias. As you wear two hats these days, as the administrator of the U.S. Agency for International Development and director of Foreign Assistance at the State Department, this hearing will examine the President's fiscal 2007 budget request for USAID and the administration's efforts to reform foreign assistance.

I know my colleagues are keen on asking questions on specific programs and activities, and will, therefore, make only a few brief opening observations.

Let me begin by expressing this subcommittee's support for your efforts to improve the efficiency and effectiveness of U.S. foreign assistance programs and activities. We're aware of the significant achievements of the President's emergency plan for AIDS relief under your leadership, and I expect you have the gratitude of millions of HIV-positive people across the globe for getting that important initiative up and running. This was certainly no small achievement, and we wish you similar success with your new responsibilities.

According to the budget justification materials, the fiscal 2007 request for USAID programs and activities totals \$3.9 billion, a decrease of \$371 million below last year's enacted level. As I'm sure you're aware of the strong congressional interest in health and development programs, it would be helpful if you could explain the rationale for the decrease in the Child Survival and Health Programs Fund and Development Assistance accounts. I'm specifically

interested in the impact the reduction will have on USAID's democracy activities and programs that promote economic growth, agriculture, and trade.

With respect to foreign aid reform, the subcommittee would appreciate an update on the administration's efforts up to this point. We've tried, over the years, to underscore the importance of foreign assistance programs to U.S. security interests overseas. Our country learned, at great cost, that ungoverned spaces, such as those that allowed al Qaeda to train in Afghanistan, pose great risk to our way of life, and that all elements of our national power—military, economic, and diplomatic—must be integrated if we are to prevail in the long struggle against Islamic extremists.

Be it through assistance to countries at risk of increasing acts of terrorism, like Indonesia or the Philippines, or assisting representative governments that will directly contribute to regional stability, such as in Afghanistan and Iraq, the allocation of our assistance resources should support strategic objectives.

It is important to underscore two basic assumptions underlying any foreign aid reform effort.

First, programs must support policy. For this reason, the Senate recommended a new Democracy Fund account last year, the purpose of which was to consolidate all democracy programs and activities under a single account. I'm pleased that the President made the expansion of freedom abroad a major component of America's foreign policy, but, to succeed, USAID and the State Department will need to coordinate all of our programs and policy in support of the national security strategy to a degree this subcommittee has, frankly, yet to see. I hope, under your leadership, that will be the case.

Second, given limited resources, our assistance must be prioritized to those countries important to U.S. national interests. Frankly, this is sometimes out of kilter in the budget request. For example, in fiscal 2007, only \$733,000 is requested for democracy and government programs in the People's Republic of China, while \$4 million is requested for similar programs in the Democratic Republic of Timor-Leste. Need I say more? I can assure you that democracy programs for China will be significantly increased as the legislative process moves forward.

So, thank you for being here today, Mr. Ambassador. With that, I'll turn it over to my friend and colleague Senator Leahy.

#### STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you, Mr. Chairman.

Ambassador Tobias, you had a nice writeup in the Wall Street Journal yesterday. I think you deserved it. We're going to spend an hour or so to cover the entire world of USAID's programs, so I'm going to put most of my statement in the record.

I join the chairman in welcoming you to this subcommittee for the first time as both USAID Administrator and Director of Foreign Assistance. I also want to thank you for the job you did as the Global AIDS Coordinator. My impression is that you got that program off to a good start, despite some less-than-helpful constraints in the law. Fighting AIDS is different from other problems you're going to face now: reforming dysfunctional judicial systems, build-

ing potable water systems, responding to famines or hurricanes, stopping deforestation, supporting nascent political parties, providing economic alternatives for opium growers, and building democratic institutions and market economies. Your new role will require more interaction with Congress. While the chairman and I tried to bring out a bill that had strong bipartisan support, we still have 100 different views here. Then you go across the street to the House, and there's another 435. The President's priorities are often ours, but not always. So, you have to balance presidential priorities and congressional ones.

PREPARED STATEMENT

I will put the rest of my statement in the record, because I really would like to hear from you, and then I'll have some questions.  
[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Ambassador Tobias, we have 90 minutes to cover the entire world of USAID's programs, so I will be very brief.

I join Chairman McConnell in welcoming you to this Subcommittee for the first time as USAID Administrator and as the Director of Foreign Assistance. I also want to thank you for the job you did as Global AIDS Coordinator. My impression is that you got that program off to a good start, despite some less than helpful constraints in the law.

Yours is a heavy responsibility. While your previous role involved some of the same countries and problems, fighting AIDS is different from reforming dysfunctional judicial systems, building potable water systems, responding to famines or hurricanes, stopping deforestation, supporting nascent political parties, or providing economic alternatives for opium growers.

Building democratic institutions and economic systems that offer real opportunities for people to improve their lives within a just society, presents unique, long term challenges and opportunities.

Your new role will also involve more interaction with the Congress than you are accustomed to. Some of it may not always be welcome, because in the Senate we have 100 different points of view of what's wrong in the world and what USAID should do about it. And you also have to deal with the House.

I hope you understand that the way we get this bill passed is by balancing the President's priorities with the Congress's priorities. They are often the same, but not always. Let me give you some friendly advice: don't forget who pays the bills.

You have already discovered that USAID has outstanding people. But its staff is a fraction of the number that are needed to effectively manage programs in so many countries with so many problems. It is also plagued by burdensome and self-defeating procurement and contracting procedures that one might expect to find in Russia, but not here. I want to know—not today but soon—how you plan to fix these problems.

I have long believed that the United States needs a Director of Foreign Assistance. We need far better coordination, and I only wish your oversight extended to the international programs of other agencies besides State and USAID, like the Departments of Agriculture and Energy, the U.S. Foreign Service and the CDC. At the same time, there are good reasons for USAID's autonomy, and we want to protect it.

I am concerned that there has not been nearly enough consultation with the Congress about your position or the Secretary's "transformational diplomacy" initiative. Your testimony today does not give us much more than the vague generalities we have heard already. One thing we have learned over many years is that when it comes to foreign policy and foreign assistance, real reform is difficult and it doesn't happen unless the Congress is fully on board.

We know what the problems are and there is a lot we can do to make our foreign assistance programs more effective. But we have to work together, from the beginning, which has not been the practice of this Administration. I hope this will be different because there is a lot at stake for all of us.

Thank you Mr. Chairman, and thank you Ambassador Tobias for being here.

Senator MCCONNELL. Thank you, Senator Leahy.

Mr. Ambassador, why don't you tell us what you think we need to know without reading a very lengthy statement—that would be appreciated—and we'll get to the questions.

SUMMARY STATEMENT OF HON. RANDALL L. TOBIAS

Ambassador TOBIAS. Thank you, Mr. Chairman. Thanks for the opportunity to testify before the subcommittee today.

I want to begin by expressing my appreciation to you, Mr. Chairman and to Senator Leahy, for your guidance and support in my former role as U.S. Global AIDS coordinator, and to thank you for your commitment both to that and to our foreign assistance programs. I look forward to working with both of you, and with the other members of the subcommittee, in my new capacity.

My first couple of months as USAID Administrator have reinforced my belief that the men and women of the Agency are motivated by a true sense of mission and commitment, and I'm eager to do all that I can to sustain their dedication and ensure that their experience and capabilities are fully engaged as we embark on reforming our approach to foreign assistance.

I have submitted a more detailed statement for the record, but I would like to focus some very brief opening remarks on the administration's reform of foreign assistance for fiscal year 2007 and beyond. Beyond the discussions that we're going to have in a few minutes, my staff and I certainly stand ready to address any detail of the fiscal year 2007 budget request with you or your staff as we go forward.

Secretary Rice launched her Transformational Diplomacy and Development Initiative in January to address the incoherence and lack of focus in our foreign assistance programs. In doing so, she noted that both the content and the organization of foreign assistance require adjustment to meet the new challenges of today's world. The Secretary noted that "The current structure of America's foreign assistance risks incoherent policies and ineffective programs, and perhaps even wasted resources. We can do better, and we must do better." Today, I want to commit to you that we will do better.

In our current environment, the locus of national security threats has shifted to the developing world, where poverty, oppression, and indifference are exploited by our foes to provide haven for terrorists and the preparation of terrorist acts. As you have recognized with your attention to democracy programs, Mr. Chairman, foreign assistance can be an effective tool for countering these new threats. For this reason and others, foreign assistance has become a foundational pillar of our new national security architecture.

As you know, under the reform initiative, the President has appointed me to be the Director of U.S. Foreign Assistance, in addition to my Senate-confirmed position as Administrator of USAID. The President and the Secretary have assigned me the task of bringing greater strategic coherence to our planning, our budgeting, and our implementation of foreign assistance. I intend to do this first by focusing on our three greatest challenges: the lack of strategic focus in our programs, our fragmented budgeting process, and our inability to adequately track, transparently and in suffi-

cient detail, where our funding goes, all problems that I know the Congress has recognized for some time.

First, as your staffs have been briefed, we have begun to introduce a new strategic framework to bring focus to the foreign assistance funding appropriated to both the Department of State and to USAID. The framework establishes a set of broad objectives for foreign assistance that will help transform countries into better, more effective partners to create a safer and more just international system.

On the country level, this framework serves as a roadmap, guiding programming to help us achieve our overall goals. Here in Washington, with essential input from Congress, the framework will more clearly establish the goals toward which foreign assistance will be directed, and the measures by which we will track progress. Under the leadership of each of our ambassadors, U.S. Government country teams in the field will define the activities for which funds will be used to most effectively pursue those goals. These plans will then be reviewed in Washington for their consistency with overall goals and expectations, with funds allocated only after the plans are approved. It is my expectation that this approach will not only help us better manage foreign assistance, but will also help Members of Congress perform their oversight responsibilities more effectively.

Second, with this framework in place, budgetary decisions and program funding proposals will be weighed against how they contribute to the overarching goal the Secretary has set for helping countries become more effective partners.

Finally, we will track where the money goes, including the results it is producing. As you know from your experience in working with me on the President's Emergency Plan for AIDS Relief, I have placed a great deal of emphasis on transparency for our funding, and I want to do the same for all of foreign assistance.

It is our intent to produce joint country plans for 35 countries for fiscal year 2007 that we can share with you in February. By August 2006 we aim to have our new information system in place to begin to collect and track this data.

Beyond this more strategic approach to planning and budgeting and the transparency we intend to provide, I also want to improve our responsiveness at USAID to the Congress in other ways. So, beginning today, I want to commit that USAID will provide answers to you for your information requests within 48 hours, and to formal letters within a week, or when that is not possible, we will be in touch with your offices within those timeframes to explain the reasons why and to work with you to establish a reasonable schedule that we will then meet. Along the same lines, I want to also commit to delivering congressional reports on time to enable you to do your necessary oversight to make our programs stronger.

As articulated by both President Bush and by Secretary Rice, we are entering a new era of foreign assistance where our resources will be better aligned with our strategic priorities. We will be more accountable to the American taxpayers, and use their resources more efficiently and effectively.

None of this will be easy. But, in recognition of the fact that our future as Americans is inextricably linked to those we seek to as-

sist, we must be certain that our investments are producing the greatest results at the lowest cost to the taxpayers, and we will need the help of the Congress to achieve this aim.

On a final note, Mr. Chairman, as you know, Abu Musab al-Zarqawi was killed in Iraq yesterday by U.S. Armed Forces. President Bush noted that “The ideology of terror has lost its most visible, aggressive leader.” What I want to note here is that in 2003 al-Zarqawi was convicted in absentia and sentenced to death by a Jordanian court for masterminding the 2002 assassination of Laurence Foley, a USAID official in Jordan. The death of Laurence Foley was but one of al-Zarqawi’s many awful crimes, but I can think of no better way to articulate the deep connection between foreign assistance and our Nation’s fortunes in the world. The people who carry out our foreign assistance programs are literally on the front lines in the battle between hope and darkness. We must all take very seriously the responsibility to enable them to manage the best and most efficient programs possible.

Thank you very much, Mr. Chairman. I look forward to addressing your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. RANDALL L. TOBIAS

Thank you, Mr. Chairman, for the opportunity to testify before the Subcommittee today on the fiscal year 2007 USAID budget.

I want to express my appreciation to you, Mr. Chairman, and to you, Senator Leahy, for your guidance and support in my former role as U.S. Global AIDS Coordinator and to thank you for your commitment to our foreign assistance programs. Your attention to strengthening democracy, Chairman McConnell, and your commitment to augmenting the voice of the disenfranchised, Senator Leahy, have helped citizens hold their governments more accountable across the globe. I look forward to working with you both, and with the other Members of the Subcommittee, in my new capacity as Director of U.S. Foreign Assistance and Administrator of USAID.

My first couple of months as USAID Administrator has reinforced my belief that the men and women of the Agency are motivated by a true sense of mission and commitment. I am eager to do all that I can to sustain their dedication and to ensure that their valuable experience is brought to the table as we embark on reforming our approach to foreign assistance.

I just returned from two weeks of travel through Pakistan, then Afghanistan, and Iraq—where hundreds of brave USAID employees put their lives on the line every day in an effort to help people in nascent democracies build a free and prosperous future for themselves. As I traveled through the region, the full range of USAID programming was on display, from the humanitarian intervention in societies ravaged by natural disasters to the reconstruction of societies ravaged by tyranny and war; from efforts to secure peace and security to efforts to invest in people and help them build richer fuller lives for themselves.

The message I took to President Musharraf of Pakistan and President Karzai of Afghanistan, as well as to President Jalal Talabani, Prime Minister Nuri al Maliki, and the newly-formed government of Iraq was of our commitment to a long-term strategic partnership between the United States and their countries.

Democracy is taking root in Afghanistan and Iraq and the leaders I met are committed to a new direction for their countries. We are seeing some economic progress and through programs like Afghans Building Capacity—a multi-year investment of up to \$125 million that amounts to the largest and most comprehensive such USAID effort in perhaps 20 years anywhere in the world—we will assist the Government and the people of Afghanistan as they develop the physical and human capacity in the public sector, private sector and civil society to sustain growth both in Kabul and the provinces.

I recognize that my testimony this afternoon will be somewhat different from traditional budget testimony. I will briefly review the fiscal year 2007 budget request for USAID, but will focus my testimony on the Administration’s reform of foreign assistance for fiscal year 2007 and beyond. In addition to the discussion we are

going to have today, my staff and I stand ready to address any detail of the fiscal year 2007 budget request with you and/or your staff after this hearing.

#### FISCAL YEAR 2007 BUDGET

The fiscal year 2007 program budget continues efforts to build democracy, good governance and economic growth in Iraq and Afghanistan, and requests funds in support of other frontline states in the Global War on Terror. USAID will play a critical role in the Provincial Reconstruction Teams that will be deployed throughout Iraq and Afghanistan. In Sudan, we are well on our way to standing up a mission in Juba. This will enhance our influence in helping move the country to peace, reconciliation and a better future.

USAID is requesting \$3.15 billion for its fiscal year 2007 programs. In addition, we anticipate working with the Departments of State and Agriculture on joint programs that total \$5.4 billion in Economic Support Funds (ESF), Assistance for the Independent States of the Former Soviet Union (FSA), Assistance for Eastern Europe and the Baltic States, the Andean Counternarcotics Initiative and Public Law 480 Title II. We will also manage a portion of the \$2.9 billion requested for the Global HIV/AIDS Initiative by the Global AIDS Coordinator and a portion of the \$3 billion for the Millennium Challenge Corporation. USAID is requesting a total of \$679 million for Operating Expenses and \$132 million for contributions to the Capital Investment Fund.

#### ENHANCING THE IMPACT OF FOREIGN ASSISTANCE: REDUCING INEFFICIENCIES AND INCOHERENCE

Secretary Rice launched her Transformational Diplomacy and Development initiative in January to address the incoherence and lack of focus in our foreign assistance programs. In doing so, she noted that both the content and organization of foreign assistance require adjustment to meet the challenges of today's world. The Secretary noted, "The current structure of America's foreign assistance risks incoherent policies and ineffective programs and perhaps even wasted resources. We can do better and we must do better." Today, I want to commit to you we will do better.

Under the previous USAID and State organizational structure, each agency maintained independent budgeting and planning offices to focus on their own part of foreign assistance. This required two staffs to develop multiple and parallel iterations of their individual budgets in the same program areas, two staffs to agree to and integrate a set of numbers, two staffs to brief the Hill, and a myriad of programs that may be redundant—or worse, at cross purposes. While each agency collaborated with the other, in spite of the best efforts of the people involved, it was done at great cost in time, personnel, and impact.

Of great concern to me—and I know to many of you—is the inability of our Washington information systems to capture "all-spigots" funding levels across sectors or in a variety of other dimensions—information that is vital to the oversight work of both Congress and the Administration. I know it will not be easy, but we need to bring transparency and accountability to explaining the use and result of our foreign assistance funds.

I realize that as I outline the challenges we face, I do not need to convince you this afternoon of what we need to do. Congress has consistently called for improved transparency in the way budgets are put together and funds expended—and vastly improved accountability for the results. I simply want to emphasize that I, too, am focused on that goal, and that I look forward to working with you in achieving it.

In our current environment, the locus of national security threats has shifted to the developing world, where poverty, oppression, and indifference are exploited by our foes to provide haven for terrorists and the preparation of terrorist acts. As I know you have recognized with your attention to democracy programs, Mr. Chairman, foreign assistance is an effective tool for countering these new threats. For this reason and others, foreign assistance has become a foundational pillar of our new national security architecture.

#### OUR APPROACH: WE WILL DO BETTER

As you know, under the reform initiative, the President has appointed me to be Director of U.S. Foreign Assistance, in addition to my Senate-confirmed position of Administrator of USAID. The President and Secretary Rice have assigned me the task of bringing strategic coherence to our planning, budgeting and implementing of foreign assistance. I intend to do this first by focusing on our three greatest challenges: the lack of strategic focus in our programs, our fragmented budgeting process, and our inability to track, transparently and in sufficient detail, where our funding goes—all problems I know that Congress has recognized for some time.

First, as your staffs have been briefed, we have introduced a new Strategic Framework for foreign assistance appropriated to both the Department of State and USAID. This framework establishes a set of broad objectives for foreign assistance that will help transform countries into better, more effective partners to create a safer and more just international system. We believe that this goal of transforming countries can be accomplished if we focus on five objectives: achieving and maintaining peace and security; helping improve governance and democratic participation; contributing to and promoting investments in people; helping engender economic growth; and maintaining our commitment to respond to humanitarian disasters.

At the country level, where the “rubber of our programs meets the road,” this Framework serves as a “roadmap,” guiding programming to help us achieve our overall goals. My intent is that we here in Washington—with essential input from Congress—will more clearly establish the goals toward which our foreign assistance will be directed and the measures by which we will track progress. Then, under the leadership of each of our Ambassadors, country teams in the field will define the activities for which funds will be used to most effectively pursue those goals.

With their expert knowledge of country circumstances, our staff in the field will produce better integrated, more coherent country operational plans that indicate, for each activity, the partner, the amount of money, the expected outputs, and ultimate outcomes that will contribute most effectively to achieving the established goals.

The country operational planning approach differs from the status quo in that all assistance agencies in country will work together as a country team to identify unified resources, both human and financial, to bring to bear on the goals and performance targets of each sector of assistance planned to drive country reforms. This process produces a single USG document detailing our approach to assistance guided by strategic goals.

These unified plans will be reviewed in Washington for their consistency with overall goals and expectations, with final allocation decisions made only after plans are approved. By requiring detailed and specific planning up-front, directly before fiscal year 2007 funds are appropriated, we hope to improve the strategic focus of our programs sooner and increase the speed their implementation.

Second, with the Framework in place, budgetary decisions and program funding proposals will be weighed against how they contribute to the overarching goal the Secretary has set of helping countries become effective partners. To ensure that our budget staffs at USAID and State allocate funds according to this goal in an integrated and consistent way, I have joined them into one budget, performance planning and results monitoring organization, under my direction. By bringing this staff together into one office, we have begun to streamline processes, improve efficiency and effectiveness, and reduce the burden that redundant functions place on our field staff.

Finally, we will track where the money goes, including the results it is producing. As you know from your experience in working with me on the President’s Emergency Plan for AIDS Relief, I have placed a great deal of emphasis on transparency for our funding. To bring that same level of accountability to the rest of our foreign assistance spending, we are in the process of building a new strategic information system for USAID and State funds that will tell both you and me exactly who is receiving our funds, what they were doing with the money, what is expected as a result, and how that result will help us reach our goals.

These changes represent a substantive shift in the planning, allocation, and programming of foreign assistance resources, including new responsibilities for both Washington and the field. Accordingly, this effort will remain a work in progress for some time, but we are moving as quickly as we can. It is our intent to produce joint country operational plans for USAID and State funds for 35 countries for fiscal year 2007 that we can share with you in February. By August 2006, we aim to have our new information system in place to begin to collect and track this data.

Beyond this more strategic approach to planning and budgeting and the transparency we intend to provide, I also want to improve our responsiveness to the Congress in other ways. Beginning today, I want commit that USAID will provide you with answers to your informational requests within 48 hours and to formal letters within a week; or, when that is not possible, we will be in touch with your offices within those timeframes to explain the reasons why, and to work with you to establish a reasonable schedule for getting the information to you. Along those same lines, I also commit to delivering Congressional reports on time to enable you to do your necessary oversight to make our programs stronger.

## CONCLUSION

As articulated both by President Bush and by Secretary Rice, we are entering a new era of foreign assistance where our resources will be better aligned with our strategic priorities. We will be more accountable to American taxpayers and use their resources more efficiently and effectively.

None of this will be easy. But in recognition of the fact that our future as Americans is inextricably linked to those we seek to assist, we must be certain that our investments are producing the greatest results at the lowest cost to the taxpayer. We will need the help of Congress to achieve this aim.

Thank you very much, Mr. Chairman. I will be happy to answer any questions you may have.

Senator McCONNELL. Thank you, Mr. Ambassador.

I appreciate your reference to the big news of the day. There has not been a whole lot of good news in Iraq recently, but certainly the death of al-Zarqawi and the appointment of the defense and interior ministers gives us some hope that progress will continue to be made.

## HEALTH PROGRAMS

I want to shift to another subject entirely, and that's health programs. I've been a strong supporter of polio eradication programs, along with Senator Leahy and other members of this subcommittee. I was curious as to why the budget request includes no funding at all for programs related to polio eradication in Nigeria, a country which the World Health Organization has identified as of concern with respect to polio.

Ambassador TOBIAS. Mr. Chairman, my understanding is that we had significant polio eradication activities in fiscal years 2004 and 2005 in Nigeria. We spent about \$10.5 million. In 2006, we developed a number of concerns about both mismanagement and corruption in the system, although we did continue to fund programs using some money that was carried over. A number of changes have been made in Nigeria to tighten up the system. So, in 2007 we expect that USAID Nigeria will receive polio funds. The level will be decided later in the year. We will take into account the epidemiology, the current pipeline, the scope of USAID's role, what other donors are doing, what the Government of Nigeria is doing. But it's clearly a very serious issue there, and one that we need to be addressing.

## BURMA

Senator McCONNELL. Thank you. I'm glad you're moving in that direction. I also want to turn to another country that I have a long-standing interest in, and that's Burma. I think we all know what the humanitarian situation is there, from significant HIV/AIDS infection rates to avian flu and now the potential for polio to re-emerge. While negligent in providing for the welfare of the Burmese people, the military junta that runs the place, the State Peace and Development Council (SPDC), is guilty of human rights abuses against ethnic minorities, including murder, torture, and rape.

Now, we all understand the solution to Burma's humanitarian problems is political in nature; namely, reconciliation between Aung San Suu Kyi, and her political followers, who won the election in 1990, and the SPDC. In the wake of all this, what can the

international community do to effectively address these Burmese health crises?

Ambassador TOBIAS. Well, I think there are a lot of things that we can do, but we need to be sure that the things that we are doing are really supporting the people in need, and that we're doing it separate from the government in power there.

Senator MCCONNELL. They're basically running the NGOs out, aren't they? Denying them space—

Ambassador TOBIAS. We have to find NGOs with whom we can work, who are working with Burmese both inside and outside the country. We're doing a number of things there, some from Thailand along the Thai/Burma border. But this is a situation that calls for creativity when the governments of countries are oppressing their people and not willing to step up to meet the needs of their people, and we have to find organizations that we can work with. That's exactly what we're trying to do.

Senator MCCONNELL. Are there some?

Ambassador TOBIAS. Yes, I think there are. I'm certainly not an expert yet on the circumstances there, but I believe there are some organizations that we are working with, and can work with.

#### IRAQ

Senator MCCONNELL. You mentioned Iraq. What is your perception of progress in Iraq, as measured by USAID programs, and the likelihood of such programs achieving some level of success?

Ambassador TOBIAS. I just came back from Iraq about 2 weeks ago, and there is real progress being made, but there's a great deal more that can be done.

Senator MCCONNELL. You met with the Prime Minister, did you not?

Ambassador TOBIAS. I met with the Prime Minister. I met with the President. I met with all of our military and civilian leadership on the ground. I'll tell you, one interesting experience I had was sitting in a room one day in a town 40 or 50 miles south of Baghdad with a group of about seven or eight leaders of Iraqi NGOs. Now, just think about that in the context of somebody trying to start an NGO in the time of Saddam Hussein. These people were enthusiastically explaining what their organizations were doing. They had already figured out that if they created an association among themselves they could have more influence on the provincial government that was being put in place. It was the beginning of democracy really happening there.

But one of the things that we need to do with our USAID programs, and I took some steps both while I was there and since coming back to do this, is, certainly, to be focused on the long term, but we also need to be focused on what I refer to as short-interval scheduling. So, what I have asked my people to do is take it 90 days at a time. What can we do, in the next 90 days, that can demonstrate real progress and demonstrate our support to the new Iraqi Government?

I had a great conversation with General Corelli, the commander of the ground troops, about ways in which USAID and the military can collaborate in going into neighborhoods, starting in Baghdad, working on the last mile of connecting electric lines, water, sewer,

cleaning up the garbage, trying to get neighborhoods back to a more habitable circumstance, where people can get back to their lives.

Our people there are working under extraordinary circumstances. The security requirements are enormous just to move around. I'm very impressed and very proud of what they're doing. But I think there's more that we can do by focusing on some smaller projects more quickly.

#### AFGHANISTAN

Senator MCCONNELL. One more question, and then I'll turn to Senator Leahy.

Bring me up to speed on how you feel you're doing in Afghanistan. Let me just say that when I first went there, in the fall of 2003, I had the typical country-team briefing. I never met a more enthusiastic bunch of Americans about, (a) the way they were being greeted, and (b) how successful they were. That was almost 3 years ago. Now we read reports that there's some backtracking, and that the Taliban are more of a problem than they were previously. So, I'm interested in whether the enthusiasm level is still high for your people there, and whether they still think they're making great progress.

Ambassador TOBIAS. It is very high. I'm, again, very impressed with the morale and the commitment that our people there have. But I think it's a situation that could tip either way, and we need to ensure that we're continuing to do the things that need to be done.

I met with President Karzai. I met with all of our own people, of course. I had some interesting experiences on the ground, including a meeting with a group of former poppy farmers, who, somewhat to my surprise, talked to me about how growing poppies is contrary to the teachings of the Koran and how they were eager to progress with our alternative-livelihoods program. These were people who were being taught skills like pruning fruit trees and getting orchards back into shape and growing other crops. But it's more than that, it's a need for roads—probably that's the greatest need—and the need to develop markets. I also visited a USAID program where we are training people, who are going to all have jobs when they leave this training program, in some very basic construction skills of plumbing, working with electricity, building concrete-block walls, and some of those kinds of things.

Senator MCCONNELL. In that regard, during my trip to Afghanistan we had extensive discussions with Karzai and others about the need to get trees planted. Afghanistan has basically turned into a desert, because all the trees have been cut down. Has any reforestation effort been initiated? I know there are a number of American foundations that are interested in this issue.

Ambassador TOBIAS. There's work going on in reforestation, which is a very pressing issue.

There is a lot of focus on building new government capacity and capacity in the private sector, and getting citizens to understand the role that they can play in a democracy. I saw, for example, the program that we're sponsoring with Voice for Humanity, which is

using new technology to communicate with people in rural areas. I think that's making some progress. We need to try new things.

Senator MCCONNELL. Good.

Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

#### TRANSFORMATIONAL DIPLOMACY INITIATIVE

I understand that the Director of Foreign Assistance position was created as part of Secretary Rice's Transformational Diplomacy Initiative, in an attempt to better coordinate foreign policy priorities with foreign aid programs. But there's a lot of concern that this may strip USAID of decisionmaking authority over what little remains of its budget. What is your response to that?

Ambassador TOBIAS. That's not the case. In fact, as I have said to a number of people at USAID, what now happens is that the person who is the Administrator of USAID has a seat at the senior-most tables in the decisionmaking processes at the State Department that no Administrator has ever had before.

Senator LEAHY. Is that the most transformational part of it?

Ambassador TOBIAS. No, but it's something that will help in the beginnings of bringing USAID's efforts in foreign assistance, and the Department of State's efforts in foreign assistance into sync so that we're moving forward together in a more strategically aligned way. We are beginning to make good progress as we put processes in place.

Senator LEAHY. What is the most transformational part of this initiative?

Ambassador TOBIAS. Well, the first thing that we've done, Senator, is to take the USAID people who are engaged in policy planning, budgeting, and monitoring and evaluation of programs and the people in the State Department who have been engaged in those same functions, and put them together into an integrated staff. They have all focused on foreign assistance, but they've been operating totally separately—they haven't even been on the same planning calendars. As we go forward, our intent is not to have a USAID budget or a State Department budget, but a Foreign Assistance budget that will make all of it more coherent in a way that I think all of us can better understand. I think you're going to be in a better position to make your decisions.

Senator LEAHY. Well, we'll be anxious to see what is done with the budget and how it will be structured. I would hope that there would be discussion with us as that goes along.

#### STRATEGIC FRAMEWORK FOR FOREIGN ASSISTANCE

In your statement, you speak of your strategic framework for foreign assistance. Let me make sure I have this right. You have five objectives: achieving and maintaining peace and security; helping improve governance and democratic participation; contributing to, and promoting, investments in people; helping to engender economic growth; responding to humanitarian disasters. What is new here? What is USAID doing today that does not already fit into one of these five objectives?

Ambassador TOBIAS. I don't know that there is, but at USAID today there are 1,400 strategic objectives. We need to bring focus

and coherence to the way in which we are doing these programs so that we are looking at them on a country-by-country basis across all of the programs, so we can get a total picture of what are the objectives we're trying to achieve on the ground.

Senator LEAHY. But you're not suggesting that one size would fit all?

Ambassador TOBIAS. No, quite the contrary. To some degree there are 154 countries where we're currently doing some type of foreign assistance. I think there are buckets or categories that certain countries with similar characteristics will fit into that will have similar kinds of programs, and that's also a part of this framework. But we intend a process here where the Secretary is going to be able to provide specific guidance to the field, to each country, that will be very country specific.

Senator LEAHY. Well, I think you'll probably find a lot of those 1,400 objectives will be in many of those countries. I'm not suggesting it's not a wise thing to reexamine our strategic objectives and determine how to make them more relevant. I would not want to change simply for the sake of change. But no matter what you do, if you don't have the money, it's not going to make much difference. We spend a very small part of our budget on foreign aid, especially for a country that's our size and much less than a lot of other countries do as a percentage of their budgets.

#### FOREIGN AID BUDGET

As you've talked about refocusing foreign aid, have your inter-agency discussions included a discussion of the need to significantly increase the budget for anything other than HIV/AIDS and Millennium Challenge Corporation, or are we going to have cuts in next year's budget similar to cuts that we've had this year to many key USAID programs?

Ambassador TOBIAS. The amount of foreign assistance, from the beginning of this administration to the present time, has almost tripled. It has been, obviously, the partnership of the administration and the Congress that has made that happen.

Senator LEAHY. Well, except that in this year's budget, the President cut global health programs by about 15 percent, \$136 million; and yet, one of the places we show the good face and generosity of our country has been in these programs. But that's been cut.

Ambassador TOBIAS. But there's still significant money in those programs.

Senator LEAHY. Do you think there's enough?

Ambassador TOBIAS. I don't think it's ever enough.

Senator LEAHY. Well, is \$136 million less than last year's level enough?

Ambassador TOBIAS. If there was more I could probably find a way to effectively spend it. But my real focus, at the moment, is to ensure that we are spending the money that we have as efficiently and as effectively as we possibly can. I don't believe we're doing that.

Senator LEAHY. Well, we've—

Ambassador TOBIAS. I think we can generate some more funds by doing it all more efficiently.

Senator LEAHY. We've cut the contribution of the Global Fund to Fight AIDS, TB, and Malaria by \$250 million. We spent almost twice that this week alone in Iraq. Actually it's \$350 million, if you count the additional \$100 million taken out of the Labor, Health, and Human Services bill. In countries where USAID works, there are few doctors, and hospitals are often crumbling cement structures built in the 19th century. As someone who understands the crisis in public health, why would you cut these funds?

If we are spending roughly a billion dollars or more a week in Iraq, and we want to win the hearts and minds of people, I might suggest to you that the work we do on Global Fund to Fight AIDS and global health is probably winning more hearts and minds. These global health programs are the faces of America that are most welcome around the world.

Ambassador TOBIAS. We shouldn't lose sight of the size of the base in these programs. You mentioned HIV/AIDS. We're increasing the financial commitment to our very successful PEPFAR programs in order to meet the commitment that the President made at the beginning of that. That's been a very successful use of resources. We do need to support the Global Fund, but not at the expense of our bilateral programs.

Senator LEAHY. I understand, but at the same time the President's budget would cut family planning and reproductive health programs from \$425 million to \$357 million—an 18 percent cut. By the President's statement, he said he knows that one of the best ways to prevent abortion is by providing quality, voluntary family-planning services. Yet, despite the administration's strong opposition to abortion, they want to cut a program that would primarily reduce unintended pregnancies and abortion and reduce child mortality. This defies logic.

My time is up, but you know, I have a great deal of respect for your background and what you have done. I have no question in my mind of your commitment. I worry, as an American, that we have not just financial and security issues, but we have great moral issues to care about. Since we have so much more than most people, there's a certain moral obligation to give back. I look forward to sitting down and chatting about this.

I appreciate having you here today.

Ambassador TOBIAS. I'd be happy to do that, Senator.

Senator MCCONNELL. Thank you, Senator Leahy.

Senator BROWNBACK.

Senator BROWNBACK. Thank you, Mr. Chairman.

Ambassador, welcome. Good to see you here.

Ambassador TOBIAS. Thank you.

Senator BROWNBACK. Thank you for meeting with me on some of these topics previously. I also want to congratulate you on the announcement, I guess even just this morning, on inclusion of new countries in the President's Malaria Initiative—Malawi, Mozambique, Rwanda, and Senegal. I think that's an excellent move forward.

I want to talk with you about a couple of idea areas that I'm curious about, and, you know, get your thoughts on them. It sounds like we're tracking on the same line on this. The last trip I took, with Senator Durbin, to—went to Congo, Rwanda, and Kenya—it

was very striking to me the breadth of programs. It looked like, what you were saying, that we had 1,400 different strategic initiatives, when you can only probably get a couple of these accomplished. In eastern Congo, where people are striving to just live, it seems like, to me, you've got a hierarchical set of needs, and you need to hit those first, that they need food, agriculture, they need water, they need healthcare and education, and you've—you get past that, that pretty much is going to eat up most of your efforts—and should, because that's what, you know, people need to survive, to start off with.

I hope you can get this honed down to a few areas. We're working on a bill in my office to take the assistance programs to Africa and, in a blunt-instrument approach, just say, "Half of this money has to go in one of these four areas, and it has to go for either commodities in these fields or training of people on the ground in those countries." As we saw in the malaria program, when we were studying that, that only 7 percent of our malaria money—this is 2 years ago—was going for actual commodities of bed nets, sprays, or medicine, and 93 percent was going for conferences and consultants and who knows what else. We had a hard time figuring out just what the money was going for. But the African leaders we met with said, "We know what to do with malaria, we just don't have the money to do it with." The same with drilling a water well; you know, it's a pretty simple piece of equipment if you're not going too deep, not particularly sophisticated to operate, but they've got to have it. If they don't have it, there's not clean water in your—we may be behind the eight ball in a lot of places. So, I applaud that effort, and we're trying to do a similar bill to address those areas, in particular.

I want to applaud your effort on AIDS. The President's initiative on HIV/AIDS is saving lives, and lots of them. That's one I hope the President and you are very proud of, because people are alive today because he went out on a limb to do that. I believe we're going to do the same with malaria.

In suggestion areas, there's an emerging group of new NGOs and private groups that want to help out, particularly in the continent of Africa. I think there's a real opportunity here for you and your office to help point the way. Gates Foundation is doing beautiful work in the health field. I met with some people associated with another great company the other day that want to put significant money into Africa. I've heard of another group today. They're—you've got a great opportunity to help point people in the right direction and marry them with local NGOs. I would urge you to host a private donors summit, AID to host it, and to bring in some of these key new players. I think everybody knows the people that have been in the field for some period of time, and don't ignore 'em, because, you know, God bless 'em for the work they've done for years. But you've got a number of emerging new players that have significant new resources and new energy, and just a hosting, really, of a private donors conference, like we do public donor conferences for Iraq or Afghanistan, of these groups, and have your targets of, you know, "Okay, one of our key targets is water-well drilling or orphans in Africa"—I think people would respond to it.

If you could see fit—and you may not, on this one—but there’s a burgeoning youth movement. There was 140 places across the United States, about a month ago, that walked on a night walk for the “Invisible Children” of northern Uganda. This is a college-student movement that a group of college students went over there, did a film, spread it around here, and then started chapters around the country. Then, I had a young man in my hometown last Sunday night sit down with me, saying, “I want to go to northern Uganda and help these kids I just found out about.” He’s never left the United States. He may not have been out Kansas previously. But he’d like to help these kids in northern Uganda. I’m seeing a lot of that. I think there’s a moment you can harvest, if you had a targeted set of programs of what young activists could be a part of. I don’t know how you would do that. You’ve got great minds that could help out with that. I think you’ve got a great moment to be able to harvest some of those activities and marry ’em together, and you’ve got a left/right coalition that’s coming together to sponsor that.

Hope those are things you’re looking at. I don’t know if you could comment, for a minute or two, about that.

Ambassador TOBIAS. Senator, I think those are wonderful ideas. As part of the malaria event that we had this morning that the First Lady hosted and that you referred to, we had a group of people from the private sector and foundation representatives who are interested in partnering with each other, and with the President’s Malaria Initiative, to leverage what we’re all doing together on the ground. When I was running the AIDS initiative, we started a New Partners fund where we set aside \$200 million that was only available to organizations that have done less than \$5 million with the Government on HIV/AIDS work in the last 5 years in order to create an opportunity to bring new partners in. Part of that program is to train them and give them the skills to work their way through the contracting and procurement process with the Government.

But there are other organizations out there. As you and I talked before, large churches, for example, have the resources and the wherewithal, but they don’t know quite where to go.

Senator BROWNBACK. Don’t know where to go. I—

#### FOREIGN AID COORDINATION

Ambassador TOBIAS. I’ve got people working to create kind of a clearinghouse.

Senator BROWNBACK. If you’ve got the people on the ground I don’t mean to butt in, but you’ve got people on the ground, and they’ve taken me to a number of just phenomenal facilities. You know, Dick Durbin—

Ambassador TOBIAS. Right.

Senator BROWNBACK [continuing]. I went to an orphanage in Rwanda—600 kids in this orphanage—and they asked Dick and I—we said—we asked, “Can we help?” And they said, “Yeah, we need a cow.” “Okay,” you know, “we can help with that.” But I was just thinking, your people knew about that, and if there was some clearinghouse you had here, and then somebody here that contacts a big church in Kentucky or Kansas, saying, “We’ve got this orphanage in eastern Rwanda, and 600 kids, and, frankly, they need

help. Would you adopt them?"—I think these guys would jump all over it. Or a small corporation. Or a foundation. But you've got expertise on the ground that none of them have. If they could feed it here, and then you network with people here, it would be a—it would be a beautiful thing and really help people here who want to do that sort of thing. But you're probably the only clearinghouse possibility we've got, to do that.

Ambassador TOBIAS. Frankly, I think part of what happens is that our people on the ground who have ideas like that, or people outside the Government who want to be involved, sort of look at the bureaucratic challenges, and they sort of give up. Part of what we have to do—and I think we can—is to get past that and make it easy, or make it sufficiently easy, for organizations to find the front door, to find the right place here, to get the information that we—that we can have, and—

Senator MCCONNELL. May I—

Ambassador TOBIAS [continuing]. Put them in touch.

Senator MCCONNELL [continuing]. Interject on that point? Senator Brownback is right on the mark. I run into that all the time—

Ambassador TOBIAS. Yeah.

Senator MCCONNELL [continuing]. Particularly with churches, who have both the interest and the wherewithal to help, but limited experience with Government bureaucracy. I think Senator Brownback is really onto something in suggesting that if you could harness those interested groups and people, you could magnify your impact exponentially.

Ambassador TOBIAS. It also has the impact of building greater grassroots support among the American people for—

Senator BROWNBACK. Right.

Ambassador TOBIAS [continuing]. Our whole foreign assistance program—

Senator BROWNBACK. Yeah.

Ambassador TOBIAS [continuing]. And understanding why America needs to do what we're doing. I do, I think it's a wonderful idea, and—

Senator BROWNBACK. Well, if you could—

Ambassador TOBIAS [continuing]. We'll pursue all these things.

Senator BROWNBACK. If there's any way I can help out with that, I'd love to do it, because—

Ambassador TOBIAS. Thank you.

Senator BROWNBACK [continuing]. You know, we think we're going to have, what, 20 million AIDS orphans in Africa, and I've been to some of these places, and it's just enormous. It looks like, to me, what you're going to end up with is a lot of these children matriculating to towns, and then they're going to get trafficked or involved in crime or whatever, because their village structure is blown up and it's not just not going to happen, and the sooner we can get people to hook into there and help—and they would, but they need—they need your door—

Ambassador TOBIAS. Right.

Senator BROWNBACK [continuing]. That you could do that.

Then, finally—I'm past my time, but if you could personally host some of these corporate chieftans, and maybe just go to meet with

them, with the CEO of Pfizer, others, and just say, “Hey, you know, there’s a great thing you can do here, and I’ve got a specific project for you.” It may not be something they are interested in, but some of these guys that I’ve met with, they’d really like to help, and—but you’ve got to—I think, frankly, too, you’ve got to get ’em on the ground there to do that.

Mr. Chairman, thank you very much.

Senator MCCONNELL. Senator Brownback, I have a meeting I’m going to have to make, but would you like to continue—if the Ambassador has a little more time—and then wrap the hearing up?

Senator BROWNBACK. Good. If you wouldn’t mind, I’d appreciate that.

Senator MCCONNELL. Thank you very much for being here, Mr. Ambassador.

Ambassador TOBIAS. Thank you, Mr. Chairman.

Senator MCCONNELL. You’re doing a wonderful job, and we’re proud of you.

Ambassador TOBIAS. Thank you very much.

Senator BROWNBACK [presiding]. Mr. Ambassador—I don’t mean to drive you overtime, but we’ve got you here—have you thought about that, a meeting with some of these business leaders? You’ve come and been in that environment, and personally taking some to some of these places that you would host ’em?

Ambassador TOBIAS. Yes. Back in 2003, when I first came onboard as the AIDS Coordinator, then-Secretary Thompson of HHS had organized a trip to Africa that included a number of business leaders that I thought that was very successful. Many of them got very motivated. The problem was, at that point in time we weren’t really in a position to say, “Okay, now that we’ve got your interest, here’s how we can harness that. Here’s what you can do.” We do have a program in USAID that is specifically focused on trying to find partnerships with the private sector. One of the most successful that has come to my attention recently is a program where we spent about \$10 million over 5 years in Rwanda helping about 40,000 farmers who were engaged in growing coffee, but hadn’t really been growing it in a commercial way. They were helped to do a better job of cultivating and sorting and cooperatives were formed. The bottom line is that there are now 4,000 Starbucks stores in the United States that are carrying a premium brand of Rwandan coffee that came out of that project. USAID is out of the picture.

That’s what development is all about. There are skills that the private sector, in this case, Starbucks, can bring to bear in a whole variety of ways. I agree with you, having been a CEO, that there are ways in which we can harness that expertise and skill.

Senator BROWNBACK. Or even contacting ’em, saying, if they’re interested in going on their own, which I think a lot of ’em would want to—say, “You know, I’ve got the wherewithal myself to go. It’ll be a time issue,” but that if you can make it easy for them to see some of these front-line orphanages, healthcare clinics, I think—

Ambassador TOBIAS. Right.

Senator BROWNBAC [continuing]. People, once they see it, they're just dramatically different. I think that's what happened to Bill and Melinda Gates when they went to Mozambique.

Ambassador TOBIAS. I think it's a very under-utilized resource, and we should not only be encouraging the private sector on what it can do on its own, but ways in which we can partner. I saw a program in Africa a couple of years ago in the AIDS prevention area for young people, where Coca-Cola was loaning marketing people, the same marketing people who do focus groups and test marketing. They were testing prevention messages in the same way they would market a new soft drink to determine what are young people really going to pay attention to, what are they really going to hear? Those are the kinds of things that historically have been done mostly by public health professionals rather than marketing professionals. I think there are a variety of ways in which we can bring those resources together, and it is something I intend to pursue.

Senator BROWNBAC. Good, because I just—there's a real interesting moment right now that there's a lot of energy to do this, left and right, young and older. I think as we engage those in these difficult situations, if we'll engage the poor, they'll save our souls in the process, because—

Ambassador TOBIAS. Yeah.

Senator BROWNBAC [continuing]. We get changed in the process, because we get changed doing it, and it's a—

Ambassador TOBIAS. Right.

Senator BROWNBAC [continuing]. It's just been beautiful, what I've seen, thus far.

I want to thank you and congratulate you. We will—as I say, we're working on a particular bill, and we'll be working with your office about that, because sounds as—like, from what you've described, that we're on some of the same track.

I do hope, as a final thought and point, that, on the water-well drilling, in particular—I've worked with groups on drilling water wells that—they say they're not getting the support out of your office that has been funded by the Congress. I've sent a letter on this, and I know this is one of the strategic initiatives that's needed, because the AIDS money, it doesn't go as far if you don't have clean water and good food—or it does—isn't as effective if a person's drinking bad water. Same with malaria. It just weakens the system. There are quite a few groups out there willing to drill private water wells, and I think they—we can extend our money through them a lot of times, that they'll match it, at least one to one, if not higher. I'm hopeful that's something you can look at on getting more water wells drilled in some of these parts of Africa, in particular.

Ambassador TOBIAS. The quest for water is what consumes most of the day for people—going someplace to get clean water and carrying it long distances. Access to clean water has to be a high priority.

Senator BROWNBAC. Good. Thank you very much. Godspeed.

Mr. Ambassador, appreciate it. Appreciate the thoughts that you've shared here today.

Ambassador TOBIAS. Thank you, Senator.

## ADDITIONAL COMMITTEE QUESTIONS

Senator BROWNBACK. There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Agency for response subsequent to the hearing:]

## QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

## FOREIGN ASSISTANCE REFORM

*Question.* What do you see as Congress's role in foreign assistance matters, generally, and with respect to foreign assistance reform, specifically?

*Answer.* Congress' role is essential to the success of our foreign assistance programs and, specifically, foreign assistance reform. I support the checks and balances system of our government that allows the executive branch to present a budget to Congress and for Congress to use its best judgment to direct how that money should be spent. We need to do our part to present Congress with a well-justified budget that clearly lays out our proposal for the way foreign assistance dollars should be spent, and transparently outlines the tradeoffs associated with diverging from this proposal. Our former foreign assistance budgeting practices did not clearly lay out these tradeoffs, leaving Congress with only one option—to use the best information they had available to earmark funds.

The budgeting practices I am establishing with this reform will provide Congress with more detailed, timely and accurate information. In doing so, Congress will be better positioned to make informed decisions about how their budgeting priorities fit into a comprehensive picture of U.S. Government foreign assistance. We haven't been able to do this before.

I see the reform as a collaborative effort on the part of the executive and legislative branches.

*Question.* There have been significant political changes in Central and South America over the years—best characterized as a lean to the left. For years, Congress has advocated increased assistance to countries in those regions, but the administration has not included significant increases in its annual budget request.

In your opinion, what countries in the Western Hemisphere are most important to U.S. national security interests, what are those interests, and how is U.S. assistance used to further our security objectives?

Please answer the same question with respect to Africa, East Asia, the Pacific, the Near East, Europe and Eurasia, and South Asia?

*Answer.* U.S. national security interests require that we seek to expand freedom, prosperity, energy security, peace and stability in the Europe and Eurasia region, not just to provide for our own security but to improve the security and prosperity of the world as a whole, with which our future is linked. To achieve our objectives, we use a range of diplomatic and assistance tools in cooperation with our partners and other donors, and we also seek to empower and strengthen the capabilities of key multilateral institutions like NATO the OSCE, and OECD, and to strengthen the U.S.-EU relationship.

In Southeast Europe, the United States continues to have a compelling national interest in helping break the circle of violence that plagued the countries of Southeast Europe in the 1990s and support their path to Euro-Atlantic integration. Our top priorities for the Balkans are to reach a settlement this year on Kosovo's future status without isolating Serbia, to help Serbia become stable and democratic, and to ensure the success of Bosnia and Herzegovina's efforts to build a more integrated modern state that will be able to function without strong international supervision. To achieve our objectives, U.S. assistance focuses on promoting democratic development and a viable market economy that offers opportunities to all, and putting the region firmly on the path of integration with Euro-Atlantic institutions.

Also highly important to maintaining stability and promoting growth and democracy in the region is U.S. assistance to Macedonia, Albania, and the newly independent Montenegro. U.S. assistance is helping to achieve U.S. objectives by increasing local level stability through community development activities, supporting tolerance and multi-ethnic democratic pluralism, and promoting market-driven economic growth.

U.S. interests also extend to Bulgaria, Romania, and Croatia. More than a decade of U.S. assistance has facilitated progress in the economic, democratic and social sectors, although shortcomings remain in some areas. Bulgaria and Romania are in

the final stages of qualification for EU membership, and Croatia is in consultations with the EU on its future accession.

In Eurasia, U.S. interests and assistance focus on supporting the sovereignty of post-Soviet states, as well as their democratic development, economic growth and energy security. Where possible, such as in Ukraine and Georgia, Euro-Atlantic integration is also a principal U.S. objective. Armenia and Georgia have achieved enough progress in their transition to have concluded compacts for Millennium Challenge Corporation assistance, while Ukraine, Moldova, and Kyrgyzstan are MCC threshold candidates. In Central Asia, U.S. assistance also aims to ease pressures stoking Islamic extremism. In the South Caucasus region, U.S. efforts are helping to foster stability and democratic practices. Regional conflicts threaten regional security and impede the full democratic and economic development of the South Caucasus and Black Sea region. The United States is working to promote just, lasting, and peaceful resolutions to the separatist conflicts in Abkhazia, South Ossetia, Nagorno-Karabakh, and Transnistria. U.S. efforts also seek to mitigate ongoing conflict in Chechnya and the North Caucasus. Throughout Eurasia we are continuing intensive counter narcotics efforts, as well as the fight against the epidemics of HIV/AIDS and multiple drug resistant tuberculosis. In addition, our assistance programs address cross-border threats from terrorism, weapons of mass destruction proliferation, trafficking in persons and narcotics, and other criminal activity.

The United States is interested in ensuring that Central Asia does not produce another Afghanistan and continues to provide its critical support to the Global war on terrorism. Repression, corruption, poverty and isolation make the region a breeding ground for terrorism and extremist ideologies. Through our assistance, we are working to mitigate those conditions by supporting nascent democratic development, ensuring successful economic reform, enhancing border security, and furthering regional integration in trade and energy.

In Belarus and Uzbekistan, the United States supports the democratic aspirations of the people, with a focus on increasing access to information and supporting the growth and capacity of civil society groups and independent political parties.

U.S. relations with Russia, of course, are highly important, with elements of cooperation as well as areas of disagreement. We remain actively and constructively engaged bilaterally, regionally and multilaterally on key issues from counterterrorism to stopping trafficking in persons. We work together to cut off terrorist financing, share law enforcement information, improve transportation security, and prevent proliferation of weapons of mass destruction. We are actively assisting with recovery and development in the North Caucasus region. As Co-Chairs of the OSCE's Minsk Group, we cooperate closely with Russia to promote a peaceful resolution of the Nagorno-Karabakh conflict. We also urge Russia to cooperate constructively on peaceful resolutions of the Abkhazia, South Ossetia, and Transnistria conflicts that respect the territorial integrity of Georgia and Moldova within their internationally recognized borders. We encourage Russia to support reforms in Belarus and Uzbekistan, whose leaders have set these countries on courses of repression. The United States works with our NATO Allies and the EU to continue to urge Russia to fulfill remaining Istanbul commitments relating to withdrawal of its military forces from Georgia and Moldova. Fulfillment of the Istanbul commitments is a prerequisite for the United States to move forward with ratification of the adapted CFE Treaty.

We are concerned about democratic backsliding in Russia. Russia's new NGO law, which went into effect in mid-April, is a particular object of our attention. The United States worked closely with our European and G-8 allies to communicate our concerns about this legislation while it was still under Duma consideration. We believe this law will chill and deter independent civil society in Russia. We have pledged, together with our European allies, to closely monitor the law's impact on civil society. Our assistance programs will continue to support NGOs and activists working to promote democracy in Russia.

#### AUTHORITY OVER OTHER GOVERNMENT AGENCIES

*Question.* As Director of Foreign Assistance, do you have authority over foreign assistance activities run by other government agencies—such as Treasury, CDC, and the MCC?

*Answer.* As Director of Foreign Assistance, I maintain authority over foreign assistance funds allocated to the State Department and USAID, which include approximately 80 percent of the foreign assistance dollars appropriated by Congress. I will serve in a coordinating role for all foreign assistance, including that delivered through other agencies and entities of the U.S. Government.

## DIRECTOR OF FOREIGN ASSISTANCE

*Question.* How has the new position of Director of Foreign Assistance been received by the various bureaus at State and USAID—have you been welcomed, or are you seen as threat?

*Answer.* My new position as Director of Foreign Assistance has been embraced by various bureaus at State and USAID. As expected with any proposed change to status quo, there are those who would prefer the old way of doing things. Those bureaus in support of the change recognize the need to reform the way we plan, implement and measure the impact of our foreign assistance resources to be more coherent and strategic.

## CONGRESSIONAL BUDGET JUSTIFICATION

*Question.* Have you had an opportunity to review the budget justification materials that the Committee receives each fiscal year, and if so, do you find them adequate? Are you contemplating any changes to these materials for the fiscal year 2008 request, or in the account structure of the budget request?

*Answer.* Our fiscal year 2008 budget justification to Congress will differ markedly from previous justification materials. For fiscal year 2008, USAID and State will present one united budget justification that will include all foreign assistance funds and USAID operating expenses. In the near future, my staff will be consulting with appropriations staff to review our proposal for justification material. At this time we are not proposing changes to the account structure for fiscal year 2008. As the reform process evolves, if we encounter a need to recommend changes to account structure, we will work closely with your staff to explain the benefit of proposed changes.

## TRANSFORMATIONAL DIPLOMACY

*Question.* What is your definition of “transformational diplomacy” and how does the fiscal year 2007 budget request support this concept?

*Answer.* “Transformational diplomacy” is defined by the Secretary as, “To work with our many partners around the world to build and sustain democratic, well governed states that will respond to the needs of their people and conduct themselves responsibly in the international system.” The fiscal year 2007 budget request aims to provide assistance to our partners to continue economic growth, support democracy, and expand individual opportunity.

## REGIONAL PRIORITIES

*Question.* There have been significant political changes in Central and South America over the years—best characterized as a lean to the left. For years, Congress has advocated increased assistance to countries in those regions, but the Administration has not included significant increases in its annual budget request.

In your opinion, what countries in the Western Hemisphere are most important to U.S. national security interests, what are those interests, and how is U.S. assistance used to further our security objectives?

*Answer.* The Western Hemisphere region as a whole is vital to U.S. national security interests. Those interests include U.S. efforts to defeat terrorism, to promote freedom, to fight the war on illegal drugs and to develop strong trading relationships. Allow me to highlight our assistance programs in five key Western Hemisphere nations: Bolivia, Colombia, Haiti, Nicaragua and Venezuela.

—*Bolivia.*—Evo Morales and his Movement toward Socialism (MAS) party have continued to waver on its commitment to free market economic policy, pluralist democracy, and counternarcotics—key U.S. national security interests. Among other activities, the U.S. Government is focusing assistance to Bolivia on programs that strengthen vibrant and effective democracies, including the support of counterweights to one-party control such as judicial and media independence, a strong civil society, and educated local and state level leaders.

—*Colombia.*—The key U.S. national security interest in Colombia is to reduce the production and flow of illicit drugs to the United States. The U.S. Government’s alternative development program creates an environment for sustainable and equitable economic growth to create permanent licit alternative income-generating opportunities in areas vulnerable to drug production and trafficking. The program stimulates increased private investment and creates the policy and institutional conditions required to sustain and accelerate private investment-based job and income creation. U.S. assistance also encompasses strengthening democratic institutions, expanding access to justice and the rule of law, anti-corruption and the promotion of human rights.

- Haiti*.—The installation of Rene Preval’s administration marks the resumption of constitutional governance in Haiti. The U.S. Government is committed to working with the new government of Haiti to help build a stable and well-governed state that is responsive to the needs of its people. Mindful of the need for economic development, the United States is supporting the provision of short-term emergency jobs while helping create the conditions for longer term growth and improved health and education services. We will work with the newly elected Haitian Parliament to strengthen institutional capacity and encourage participatory democracy as a counterbalance to centralized patronage politics. In the critical rule of law sector, our focus will be to reform the justice system and improve access to justice.
- Nicaragua*.—The highest priority in Nicaragua for the United States is ensuring free and fair elections. Elections will be held on November 5, 2006 for president, vice president, members of the National Assembly and delegates to the Central American Parliament. There is a continuing lack of public confidence in the Supreme Electoral Council’s handling of the electoral process and in whether or not presidential elections will be handled impartially. In coordination with a variety of international donors and organizations—including the Organization of American States and local nongovernmental organizations—U.S. assistance provides support for voter education activities, updating voter registries, delivering voter identification cards, and domestic and international election observers. U.S. funding is also helping to establish mediation centers nationwide to help alleviate congestion in the court system, improve access to justice, and enhance public confidence in the justice system.
- Venezuela*.—The dismantling of democratic institutions by President Hugo Chavez and increased control by the Venezuelan executive branch over the country’s five branches of government threatens the continuation of representative democracy in Venezuela, a key U.S. national security interest. Presidential elections will take place in December 2006, and opposition groups have raised serious concerns over the fairness and transparency of the government-controlled electoral process. The U.S. Government’s work in Venezuela is handled through the Office of Transition Initiatives. The objectives are to provide assistance to strengthen and reinvigorate independent democratic voices and reverse democratic backsliding by enhancing civil society dialogue, supporting constitutional processes, and strengthening democratic institutions.

COUNTRIES MOST IMPORTANT TO THE U.S. IN AFRICA

*Question.* In your opinion, what countries in Africa are most important to U.S. national security interests, what are those interests, and how is U.S. assistance used to further our security objectives?

*Answer.* The Africa region as a whole is vital to U.S. national security interests. Key areas of critical importance throughout the continent include counter-terrorism and the implications of extractive industries; establishing peace and security; and cross-cutting issues of governance, gender, the impact of HIV/AIDS, urbanization and youth. Allow me to highlight our assistance programs in Somalia, Ethiopia, Eritrea, Sudan, Nigeria, and Liberia.

The U.S. Government (USG) interests in Sudan are of both a security and humanitarian nature. Our goals in Sudan are to successfully implement the Comprehensive Peace Agreement, ending the crisis in Darfur and integrating all Sudanese regions into the Government of National Unity. Our assistance focuses on the displaced populations in Darfur, as well as on vulnerable populations in other regions of the country. We support resettlement activities for refugees and displaced persons and promote activities to protect civilians, especially the prevention of violence against women. Looking to the longer term, we are also raising local capacity to increase livelihood opportunities and strengthen community resilience and local economies.

Liberia is a cornerstone in our strategy to promote regional stability and to inhibit the activities of illegal traffickers and terrorists in West Africa. After the signing of the Peace Agreement, the USG played a leading role in helping Liberia maintain the peace and begin the national reconstruction and rehabilitation process. In November 2005, Ellen Johnson Sirleaf was elected as Africa’s first woman head of state in an election deemed free and fair by the international community. Current U.S. assistance is focused on solidifying the transition process by enhancing democratic governance, supporting agriculture and livelihoods, ensuring stability and security by taking the lead in reforming the armed forces and police, reintegrating refugees and Internally Displaced Persons, infrastructure development, and supporting the provision of essential social services.

The Horn of Africa, Somalia in particular, is critical to U.S. national security interests, given the potential for harboring and spreading extremism. U.S. assistance helps reduce poverty and related lack of access to social services (education in particular) to help lift people out of despair and provide options to extremism. It also helps stabilize and strengthen governance institutions that allow for peaceful resolution of domestic and regional problems. We are also providing food assistance to avert famine and building the region's long-term capacity to ensure food security.

In Nigeria, our interests are to fight corruption, counter increasing Islamic radicalization, and ensure stability in the energy sector. The USG is working with the Government of Nigeria to strengthen its governance institutions and reestablish military-to-military relationships. We are building partnerships to counter terrorist organizations, implementing recommendations to stabilize the energy sector, and working to expand formal financial systems. Our assistance is also being used to promote U.S. private sector involvement in the key sectors of agriculture and aviation to stimulate economic growth and trade.

#### GLOBAL FUND

*Question.* If you can put your AIDS Coordinator hat back on for a moment, what level of funding is appropriate for the Global Fund in fiscal year 2007?

Answer. The U.S. Government [USG] is by far the largest contributor to the fight against global HIV/AIDS. In fiscal year 2004, the USG provided approximately one-half of the world's commitment to international HIV/AIDS support. The U.S. Government has dramatically increased its commitment in fiscal years 2005 and 2006, while the rest of the world, so far, has not. With the \$4 billion request for fiscal year 2007, the disproportion between the U.S. commitment and that of the rest of the world will likely continue to grow.

Each country needs to find the right mix of bilateral and multilateral contributions to get the most immediate results from its investment. For the USG, the 20-year history of its bilateral programs means that these programs can move much faster in the focus countries than the Global Fund. Other governments have made similar determinations to invest heavily in bilateral efforts rather than multilateral options.

The Global Fund remains an important part of the Emergency Plan strategy, and the U.S. Government remains by far its largest single contributor of funds. The Emergency Plan originally anticipated allocating \$1 billion to the Global Fund over five years. However, we are now on track to provide over \$2 billion to the Fund in just the first three years of the Emergency Plan, through fiscal year 2006. The President's fiscal year 2007 request for focus country bilateral AIDS programs funding—\$2.717 billion within Foreign Operations and \$2.776 total—is, in part, an attempt to recover from the effects of the redirection of almost \$527 million from focus country programs to the Global Fund and other components of the Emergency Plan over PEPFAR's first three years. If focus country budgets are not fully funded again in fiscal year 2007, the capacity needed for a dramatic expansion of services in fiscal year 2008 will not be possible—and no increase in fiscal year 2008 spending could undo this setback. Without the fiscal year 2007 level of funding for the focus countries, it will not be possible to meet the 2-7-10 goals of the Emergency Plan—especially the goal of supporting treatment for 2 million.

If the Global Fund maintains its core mission and a model that Congress supports, and as the Fund's performance improves in the years to come, there will be opportunities to reassess the level of U.S. Government funding for it. For fiscal year 2007, however, it is crucial that the USG continue to concentrate its resources on focus country programs.

#### DEMOCRACY

*Question.* What is the total funding level for democracy, governance and rule of law programs in the budget request?

Answer. The USAID request for funding for democracy, governance and rule of law programs for fiscal year 2007 is \$856,175,000 (including DA, ESF, SEED and FSA).

FISCAL YEAR 2007 PRESIDENT'S BUDGET SUMMARY BY ACCOUNT FOR DEMOCRACY,  
GOVERNANCE & HUMAN RIGHTS<sup>1</sup>

[In millions of dollars]

Account	Fiscal year	
	2006 estimate	2007 request
Foreign Operations .....	1,281.1	1,573.4
Development Assistance .....	190.1	168.6
Economic Support Fund .....	655.7	756.3
USAID-implemented Programs .....	422.4	502.4
State Department/Global Programs .....	233.4	253.8
MEPI .....	99.0	120.0
Iraq .....	55.4	87.3
South Asia Regional .....	1.0	2.0
EAP Women's Issues .....	1.0	1.0
Laos .....	.....	0.3
House Democracy Assistance Program .....	1.0	.....
Trafficking in Persons .....	11.9	8.5
UNHCHR Nepal .....	1.5	.....
Human Rights & Democracy Fund Program (DRL) <sup>2</sup> .....	62.6	35.0
Assistance for E. Europe & Baltics (SEED) .....	114.5	78.2
State Department Programs .....	37.2	22.8
USAID-implemented Programs .....	77.3	55.4
Freedom Support Act .....	165.4	140.3
State Department Programs .....	40.9	32.1
USAID-implemented Programs .....	124.5	108.2
Democracy Fund (excluding UNDEF and HRDF) .....	23.6	.....
National Endowment for Democracy .....	15.1	.....
Country Programs .....	8.5	.....
Inter-American Foundation: Local Governance & Democracy .....	5.2	6.2
INCLE .....	50.4	322.8
Women's Justice Empowerment Initiative .....	.....	9.5
Trafficking in Persons .....	5.0	7.0
Administration of Justice/Rule of Law/Anti-corruption .....	45.5	306.3
Andean Counterdrug Initiative .....	64.2	62.7
Administration of Justice/Rule of Law/Anti-corruption .....	29.0	27.9
USAID .....	35.2	34.8
IO&P .....	11.9	38.4
U.N. Democracy Fund <sup>2</sup> .....	7.9	10.0
OAS Fund for Strengthening Democracy .....	2.5	2.5
U.N. Voluntary Fund for Technical Cooperation in the Field of Human Rights .....	1.5	1.5
UNDP Democratic Governance Thematic Trust Fund .....	.....	24.5
State Operations .....	74.4	77.7
Related Appropriations .....	74.4	77.7
The Asia Foundation <sup>3</sup> .....	8.5	6.5
National Endowment for Democracy <sup>4</sup> .....	65.9	71.2
GRAND TOTAL .....	1,355.5	1,651.1

<sup>1</sup>This table excludes: (1) funding for programs that support victims of war and victims of torture that is sometimes categorized as "human rights"; (2) funding categorized as "conflict management", including all Transition Initiatives (TI) funds, some DA and ESF funding, and USG support for the U.S. Institute of Peace; (3) funding for educational and cultural exchanges and public diplomacy programs funded through State Operations that promote democracy.

<sup>2</sup>Fiscal year 2006 funds were appropriated in the Democracy Fund.

<sup>3</sup>Excludes portions of budget that are used for operating expenses and non-democracy grant programs.

<sup>4</sup>Excludes portion of budget that is used for operating expenses.





TAB 1.—USAID DEMOCRACY AND GOVERNANCE—Continued

Operating unit	Appropriation code	Fiscal year									
		2006 estimate					2007 budget request				
		Rule of law	Political process	Civil society	Governance	Democracy and governance	Rule of law	Political process	Civil society	Governance	Democracy and governance
Rwanda	DA	.....	.....	1,000	629	1,629	.....	.....	1,000	648	1,648
Rwanda Total		.....	.....	1,000	629	1,629	.....	.....	1,000	648	1,648
Senegal	DA	.....	.....	263	720	983	.....	.....	.....	1,000	1,000
Senegal Total		.....	.....	263	720	983	.....	.....	.....	1,000	1,000
Sierra Leone	DA	.....	.....	.....	2,041	2,041	.....	.....	.....	2,076	2,076
Sierra Leone Total	ESF	.....	.....	.....	5,940	5,940	.....	500	500	1,500	2,500
Sierra Leone Total		.....	.....	.....	7,981	7,981	.....	500	500	3,576	4,576
Somalia	DA	.....	.....	1,545	.....	1,545	.....	.....	1,571	.....	1,571
Somalia Total		.....	.....	1,545	.....	1,545	.....	.....	1,571	.....	1,571
South Africa	DA	2,178	.....	1,565	1,430	5,173	.....	.....	1,752	3,504	5,256
South Africa Total	ESF	1,000	.....	287	.....	1,287	1,300	.....	.....	.....	1,300
South Africa Total		3,178	.....	1,852	1,430	6,460	1,300	.....	1,752	3,504	6,556
Sudan	DA	.....	2,100	1,749	300	4,149	.....	.....	1,749	300	4,149
Sudan Total		.....	2,100	1,749	300	4,149	.....	.....	1,749	300	4,149
Tanzania	DA	.....	.....	264	800	1,064	.....	.....	310	764	1,074
Tanzania Total		.....	.....	264	800	1,064	.....	.....	310	764	1,074
Uganda	DA	.....	1,218	500	660	2,378	.....	1,000	1,419	.....	2,419
Uganda Total		.....	1,218	500	660	2,378	.....	1,000	1,419	.....	2,419



TAB 1.—USAID DEMOCRACY AND GOVERNANCE—Continued

Operating unit	Appropriation code	Fiscal year									
		2006 estimate				2007 budget request					
		Rule of law	Political process	Civil society	Governance	Democracy and governance	Rule of law	Political process	Civil society	Governance	Democracy and governance
Egypt	ESF	17,060	6,020	14,850	47,575	85,505	17,605	6,310	12,415	50,125	86,455
Egypt Total		17,060	6,020	14,850	47,575	85,505	17,605	6,310	12,415	50,125	86,455
India	DA ESF	326 200				326 200					
India Total		526				526					
Indonesia	ESF	5,200	7,000	3,400	14,850	30,450	1,975	3,464	14,175	19,614	
Indonesia Total		5,200	7,000	3,400	14,850	30,450	1,975	3,464	14,175	19,614	
Iraq	ESF									25,000	25,000
Iraq Total										25,000	25,000
Jordan	ESF	3,000	3,000	5,000	3,000	14,000	3,000	2,000	4,000	3,000	12,000
Jordan Total		3,000	3,000	5,000	3,000	14,000	3,000	2,000	4,000	3,000	12,000
Lebanon	ESF			2,000	5,000	7,000	8,000		1,000	1,000	10,000
Lebanon Total				2,000	5,000	7,000	8,000		1,000	1,000	10,000
Mongolia	ESF	2,000	100		300	2,400	1,500			400	1,900
Mongolia Total		2,000	100		300	2,400	1,500			400	1,900
Morocco	ESF		2,900	600	2,940	6,440			1,000	7,000	8,000
Morocco Total			2,900	600	2,940	6,440			1,000	7,000	8,000
Nepal	DA	1,485				1,485	1,500				1,500

ESF	.....	990	.....	990	.....	990	.....	1,000	.....	1,000	.....	1,000	.....	1,000
Nepal Total	.....	990	.....	990	.....	2,475	1,500	1,000	.....	1,000	.....	1,000	.....	2,500
Pakistan	.....	12,600	.....	12,600	.....	3,597	.....	8,000	.....	8,000	.....	8,000	.....	3,000
ESF	.....	12,600	.....	12,600	.....	7,400	.....	20,000	.....	20,000	.....	19,000	.....	27,000
Pakistan Total	.....	12,600	.....	12,600	.....	10,997	.....	8,000	.....	8,000	.....	22,000	.....	30,000
Philippines	.....	.....	.....	.....	.....	1,000	.....	651	.....	651	.....	250	.....	901
ESF	.....	.....	.....	.....	.....	1,000	.....	249	.....	249	.....	6,500	.....	7,749
Philippines Total	.....	.....	.....	.....	.....	2,000	.....	900	.....	900	.....	6,750	.....	8,650
Regional Development Mission Asia (RDM-Asia)	.....	.....	.....	.....	.....	491	.....	.....	.....	.....	.....	640	.....	640
ESF	.....	.....	.....	.....	.....	3,564	.....	.....	.....	.....	.....	3,500	.....	3,500
Regional Development Mission Asia (RDM-Asia) Total	.....	.....	.....	.....	.....	4,055	.....	.....	.....	.....	.....	4,140	.....	4,140
Sri Lanka	.....	.....	.....	.....	.....	1,233	.....	.....	.....	.....	.....	750	.....	750
ESF	.....	.....	.....	.....	.....	2,000	.....	.....	.....	.....	.....	250	.....	1,300
Sri Lanka Total	.....	.....	.....	.....	.....	2,000	.....	.....	.....	.....	.....	250	.....	2,050
West Bank and Gaza <sup>1</sup>	.....	.....	.....	.....	.....	1,233	.....	.....	.....	.....	.....	250	.....	1,550
ESF	.....	.....	.....	.....	.....	8,300	.....	.....	.....	.....	.....	6,000	.....	15,500
West Bank and Gaza Total	.....	.....	.....	.....	.....	3,000	.....	.....	.....	.....	.....	6,000	.....	25,500
Yemen	.....	.....	.....	.....	.....	8,300	.....	.....	.....	.....	.....	6,000	.....	15,500
ESF	.....	.....	.....	.....	.....	465	.....	.....	.....	.....	.....	50	.....	1,685
Yemen Total	.....	.....	.....	.....	.....	465	.....	.....	.....	.....	.....	50	.....	1,998
Asia and Near East Total	.....	.....	.....	.....	.....	51,220	.....	.....	.....	.....	.....	38,830	.....	426,725
Europe and Eurasia:	.....	.....	.....	.....	.....	44,095	.....	.....	.....	.....	.....	39,484	.....	290,236
Albania	.....	.....	.....	.....	.....	500	.....	.....	.....	.....	.....	300	.....	1,935
ESF	.....	.....	.....	.....	.....	2,127	.....	.....	.....	.....	.....	1,554	.....	4,789
Albania Total	.....	.....	.....	.....	.....	500	.....	.....	.....	.....	.....	300	.....	1,935
Armenia	.....	.....	.....	.....	.....	2,292	.....	.....	.....	.....	.....	387	.....	5,163
ESF	.....	.....	.....	.....	.....	4,156	.....	.....	.....	.....	.....	4,021	.....	9,960
Armenia Total	.....	.....	.....	.....	.....	431	.....	.....	.....	.....	.....	387	.....	5,163

TAB 1.—USAID DEMOCRACY AND GOVERNANCE—Continued

Operating unit	Appropriation code	Fiscal year									
		2006 estimate					2007 budget request				
		Rule of law	Political process	Civil society	Governance	Democracy and governance	Rule of law	Political process	Civil society	Governance	Democracy and governance
Azerbaijan .....	FSA .....	1,143	1,885	4,335	1,486	8,849	672	1,422	4,040	1,000	7,134
Azerbaijan Total .....		1,143	1,885	4,335	1,486	8,849	672	1,422	4,040	1,000	7,134
Belarus .....	FSA .....	414	970	3,732		5,116	390	906	4,641		5,937
Belarus Total .....		414	970	3,732		5,116	390	906	4,641		5,937
Bosnia and Herzegovina .....	AEEB .....	3,500	1,700	3,230	4,206	12,636	2,450	1,600	2,300	3,002	9,352
Bosnia and Herzegovina Total .....		3,500	1,700	3,230	4,206	12,636	2,450	1,600	2,300	3,002	9,352
Bulgaria .....	AEEB .....	4,315		1,104	3,446	8,865					
Bulgaria Total .....		4,315		1,104	3,446	8,865					
Croatia .....	AEEB .....		3,446	2,125	3,711	5,836					
Croatia Total .....			3,446	2,125	3,711	5,836					
Eurasia Regional .....	FSA .....	130	65	330	65	590	140	65	490	65	760
Eurasia Regional Total .....		130	65	330	65	590	140	65	490	65	760
Europe Regional .....	AEEB .....	265	108	704	118	1,195	216	95	1,104	103	1,518
Europe Regional Total .....		265	108	704	118	1,195	216	95	1,104	103	1,518
Georgia .....	FSA .....	2,055	722	809	6,007	9,593	1,537	659	706	5,993	8,895
Georgia Total .....		2,055	722	809	6,007	9,593	1,537	659	706	5,993	8,895
Kazakhstan .....	FSA .....	856	397	3,864		5,117			4,238		4,238

Kazakhstan Total	856	397	3,864	5,117	.....	.....	4,238	.....	4,238
Kosovo	5,575	2,175	3,575	14,055	2,730	6,297	2,646	5,150	16,018
Kosovo Total	5,575	2,175	3,575	14,055	2,730	6,297	2,646	5,150	16,018
Kyrgyzstan	.....	.....	2,644	4,444	1,800	1,000	3,180	1,676	6,056
Kyrgyzstan Total	.....	.....	2,644	4,444	1,800	1,000	3,180	1,676	6,056
Macedonia	2,687	1,612	1,931	10,226	3,996	2,615	1,807	2,546	7,968
Macedonia Total	2,687	1,612	1,931	10,226	3,996	2,615	1,807	2,546	7,968
Moldova	1,645	1,138	1,644	7,026	2,599	1,696	2,384	173	6,078
Moldova Total	1,645	1,138	1,644	7,026	2,599	1,696	2,384	173	6,078
Montenegro	1,200	560	1,028	2,788	.....	300	600	1,250	2,150
Montenegro Total	1,200	560	1,028	2,788	.....	300	600	1,250	2,150
Romania	450	1,400	2,700	5,500	950	.....	.....	.....	.....
Romania Total	450	1,400	2,700	5,500	950	.....	.....	.....	.....
Russia	4,162	5,565	25,418	38,250	3,105	3,155	18,299	3,815	28,884
Russia Total	4,162	5,565	25,418	38,250	3,105	3,155	18,299	3,815	28,884
Serbia	1,805	1,400	3,000	7,205	1,000	4,027	3,500	1,000	9,927
Serbia Total	1,805	1,400	3,000	7,205	1,000	4,027	3,500	1,000	9,927
Tajikistan	.....	350	2,100	4,086	1,636	.....	2,554	1,692	4,246
Tajikistan Total	.....	350	2,100	4,086	1,636	.....	2,554	1,692	4,246
Turkmenistan	.....	.....	1,090	1,090	.....	.....	1,100	.....	1,100
Turkmenistan Total	.....	.....	1,090	1,090	.....	.....	1,100	.....	1,100
Ukraine	1,041	3,746	7,088	18,235	6,360	3,207	4,593	9,391	18,637

TAB 1.—USAID DEMOCRACY AND GOVERNANCE—Continued

Operating unit	Appropriation code	Fiscal year									
		2006 estimate					2007 budget request				
		Rule of law	Political process	Civil society	Governance	Democracy and governance	Rule of law	Political process	Civil society	Governance	Democracy and governance
Ukraine Total		1,041	3,746	7,088	6,360	18,235	3,207	1,446	4,593	9,391	18,637
Uzbekistan	FSA	500		2,710		3,210	1,002		2,580		3,582
Uzbekistan Total		500		2,710		3,210	1,002		2,580		3,582
Europe and Eurasia Total		33,374	26,585	81,444	52,036	193,439	30,093	16,845	66,337	43,954	157,229
Latin America and Caribbean:											
Bolivia	ACI	2,970			400	3,370	2,000				2,000
	DA				2,574	2,574				2,466	2,466
	ESF		1,000	1,356	1,109	3,465		1,000	1,000	1,100	3,100
Bolivia Total		2,970	1,000	1,356	4,083	9,409	2,000	1,000	1,000	3,566	7,566
Caribbean Regional Program	ESF						1,000				1,000
Caribbean Regional Program Total							1,000				1,000
Colombia	ACI	13,750		2,621	9,198	25,569	13,806		2,694	8,522	25,022
Colombia Total		13,750		2,621	9,198	25,569	13,806		2,694	8,522	25,022
Cuba	ESF			7,650		7,650			6,500		6,500
Cuba Total				7,650		7,650			6,500		6,500
Dominican Republic	DA	280	1,350		350	1,980	900	950		150	2,000
	ESF	1,000			980	1,980	2,000				2,000
Dominican Republic Total		1,280	1,350		1,330	3,960	2,900	950		150	4,000
Ecuador	ACI				2,000	2,000				3,400	3,400

DA	690	300	990	150	550	400	1,000	1,000
ESF	600	780	1,980	200	.....	.....	1,078	2,178
Ecuador Total	1,290	1,080	4,970	150	550	400	5,478	6,578
El Salvador	1,387	500	3,727	.....	.....	.....	250	250
El Salvador Total	1,387	500	3,727	.....	.....	.....	250	250
Guatemala	1,891	.....	1,485	.....	100	.....	2,991	3,091
ESF	1,891	396	4,455	1,850	.....	.....	1,150	3,000
Guatemala Total	1,891	396	5,940	1,850	100	.....	4,141	6,091
Guyana	310	440	1,980	1,000	.....	1,000	.....	2,000
Guyana Total	310	440	1,980	1,000	.....	1,000	.....	2,000
Haiti	5,650	791	3,936	.....	2,850	4,150	2,000	9,000
ESF	5,650	1,309	28,800	.....	.....	5,700	10,000	15,700
Haiti Total	5,650	2,100	32,736	.....	2,850	9,850	12,000	24,700
Honduras	600	.....	1,980	600	.....	.....	1,848	2,448
Honduras Total	600	.....	1,980	600	.....	.....	1,848	2,448
Jamaica	1,014	1,261	2,475	1,687	.....	150	.....	1,837
Jamaica Total	1,014	1,261	2,475	1,687	.....	150	.....	1,837
LAC Regional	506	90	9,395	.....	.....	2,326	1,000	3,326
ESF	3,000	2,960	6,960	.....	1,500	1,995	1,600	5,095
LAC Regional Total	3,506	3,050	16,355	.....	1,500	4,321	2,600	8,421
Mexico	2,610	790	3,400	1,700	.....	.....	300	2,000
ESF	2,083	400	6,116	3,000	.....	2,000	1,200	6,200
Mexico Total	4,693	400	9,516	4,700	.....	2,000	1,500	8,200
Nicaragua	2,750	2,000	7,148	2,116	.....	.....	2,116	4,232



Democracy, Conflict and Humanitarian Assistance Total	2,227	19,800	4,257	2,723	29,007	2,500	7,150	3,500	2,750	15,900
Office of Global Development Alliances:										
Office of Global Development Alliances	1,880			1,880	1,880					
Office of Global Development Alliances Total	1,880			1,880	1,880					
Office of Global Development Alliances Total	1,880			1,880	1,880					
Program and Policy Coordination:										
Bureau for Policy and Program Coordination	80	80	80	80	320	78	79	79	79	315
Bureau for Policy and Program Coordination Total	80	80	80	80	320	78	79	79	79	315
Program and Policy Coordination Total	80	80	80	80	320	78	79	79	79	315
ACI Sum	16,720	3,821	14,558	35,099	15,806	3,694	15,322	34,822	15,322	34,822
AEEB Sum	20,997	9,455	21,524	22,257	74,233	16,905	6,320	13,511	14,986	51,722
DA Sum	34,759	31,434	32,122	85,629	183,944	38,255	24,571	39,122	62,682	164,630
ESF Sum	78,573	66,788	82,948	192,369	420,678	61,688	46,283	73,840	317,683	499,494
FSA Sum	12,377	17,130	59,920	29,779	119,206	13,188	10,525	52,826	28,968	105,507
IDA Sum										
Grand Total—USAID Democracy & Governance	163,426	124,807	200,335	344,592	833,160	145,842	87,699	182,993	439,641	856,175

<sup>1</sup> National—program under review.





**TAB 2.—USAID HUMAN RIGHTS—Continued**  
 [In thousands of dollars]

Operating unit	Appropriation code	Fiscal year							
		2006 estimate				2007 budget request			
		Victims of war	Victims of torture	Trafficking in persons	Total human rights	Victims of war	Victims of torture	Trafficking in persons	Total human rights
Europe Regional	AEEB	.....	.....	673	673	.....	.....	275	275
Europe Regional Total		.....	.....	673	673	.....	.....	275	275
Georgia	FSA	.....	.....	222	222	.....	.....	220	220
Georgia Total		.....	.....	222	222	.....	.....	220	220
Kazakhstan	FSA	.....	.....	680	680	.....	.....	242	242
Kazakhstan Total		.....	.....	680	680	.....	.....	242	242
Kosovo	AEEB	.....	.....	.....	.....	.....	.....	200	200
Kosovo Total		.....	.....	.....	.....	.....	.....	200	200
Kyrgyzstan	FSA	.....	.....	350	350	.....	.....	170	170
Kyrgyzstan Total		.....	.....	350	350	.....	.....	170	170
Moldova	FSA	.....	.....	972	972	.....	.....	777	777
Moldova Total		.....	.....	972	972	.....	.....	777	777
Russia	FSA	.....	.....	750	750	.....	.....	.....	.....
Russia Total		.....	.....	750	750	.....	.....	.....	.....
Tajikistan	FSA	.....	.....	510	510	.....	.....	28	28
Tajikistan Total		.....	.....	510	510	.....	.....	28	28

Ukraine .....	FSA .....	1,218	1,218	1,218	.....	.....	1,195	1,195
Ukraine Total .....	.....	1,218	1,218	.....	.....	.....	1,195	1,195
Uzbekistan .....	FSA .....	600	600	.....	.....	.....	.....	.....
Uzbekistan Total .....	.....	600	600	.....	.....	.....	.....	.....
Europe and Eurasia Total .....	.....	8,450	8,450	.....	.....	.....	6,435	6,435
Latin America and Caribbean:	.....	.....	.....	.....	.....	.....	.....	.....
Ecuador .....	ACI .....	100	100	.....	.....	.....	.....	.....
Ecuador Total .....	.....	100	100	.....	.....	.....	.....	.....
Haiti .....	DA .....	1,400	2,400	.....	.....	1,000	.....	1,000
Haiti Total .....	ESF .....	.....	.....	.....	.....	300	.....	1,300
Latin America and Caribbean Total .....	.....	1,400	2,400	.....	.....	1,300	.....	2,300
Democracy, Conflict and Humanitarian Assistance:	.....	.....	.....	.....	.....	.....	.....	.....
Office of Democracy and Governance .....	DA .....	4,504	9,009	.....	.....	4,000	.....	8,000
Office of Democracy and Governance Total .....	.....	4,504	9,009	.....	.....	4,000	.....	8,000
Democracy, Conflict and Humanitarian Assistance Total .....	.....	4,504	9,009	.....	.....	4,000	.....	8,000
Grand Total—USMID Human Rights .....	ACI Sum .....	100	100	.....	.....	.....	.....	.....
.....	AEEB Sum .....	3,148	3,148	.....	.....	.....	3,723	3,723
.....	DA Sum .....	6,188	24,068	.....	.....	8,000	.....	20,199
.....	ESF Sum .....	1,700	7,001	.....	.....	570	.....	3,506
.....	FSA Sum .....	5,302	5,302	.....	.....	.....	.....	2,712
.....	.....	14,498	39,619	.....	.....	8,000	.....	30,140
.....	.....	16,438	8,000	.....	.....	8,769	.....	13,371

DEMOCRACY, GOVERNANCE AND HUMAN RIGHTS FUNDING (ALL-SOURCES)—NEAR EAST, EAST  
ASIA PACIFIC, AND SOUTH ASIA (INCLUDING CENTRAL ASIA)

[In thousands of dollars]

	Fiscal year	
	2006 estimate	2007 request
<b>Summary—Near East and Asia</b>		
Development Assistance .....	49,431	40,209
ESF .....	489,011	600,472
USAID implemented .....	299,426	390,152
State/Global Programs .....	189,585	210,320
FSA—USAID & State Programs .....	40,384	34,303
Democracy Fund (excl. HRDF) .....	12,673	.....
INCLE .....	27,590	286,425
The Asia Foundation .....	8,500	6,500
<b>TOTAL .....</b>	<b>627,589</b>	<b>967,909</b>
<b>Bilateral Detail</b>		
Development Assistance (DA):		
Afghanistan .....	30,000	25,000
ANE Regional .....	2,028	3,225
Bangladesh .....	3,465	2,550
Cambodia .....	2,331	910
China .....	2,475	733
India .....	326	.....
Nepal .....	1,485	1,500
Pakistan .....	3,597	4,000
Philippines .....	2,000	901
RDM-Asia .....	491	640
Sri Lanka .....	1,233	750
<b>DA Subtotal .....</b>	<b>49,431</b>	<b>40,209</b>
Economic Support Fund (ESF)—USAID implemented:		
Afghanistan .....	58,000	136,000
Bangladesh .....	4,752	5,000
Cambodia .....	11,375	13,500
East Timor .....	6,000	4,000
Egypt .....	85,505	86,455
India .....	200	.....
Indonesia .....	31,850	20,000
Iraq .....	.....	25,000
Jordan .....	14,000	12,000
Lebanon .....	7,000	10,000
Mongolia .....	2,400	1,900
Morocco .....	6,440	8,000
Nepal .....	990	1,000
Pakistan .....	20,000	27,000
Philippines .....	6,500	7,999
RDM-Asia .....	3,564	3,500
Sri Lanka .....	2,000	1,300
West Bank and Gaza <sup>1</sup> .....	36,850	25,500
Yemen .....	1,109	1,998
<b>ESF Subtotal—USAID .....</b>	<b>298,535</b>	<b>390,152</b>
Economic Support Fund (ESF)—State/Global Programs:		
Iraq .....	55,440	87,270
S. Asia Regional .....	990	2,000
MEPI .....	99,000	120,000
Laos .....	.....	250
EAP Regional Women's Issues .....	990	800
UNHCHR Nepal .....	1,485	.....
HRDF .....	31,680	.....

DEMOCRACY, GOVERNANCE AND HUMAN RIGHTS FUNDING (ALL-SOURCES)—NEAR EAST, EAST  
ASIA PACIFIC, AND SOUTH ASIA (INCLUDING CENTRAL ASIA)—Continued

[In thousands of dollars]

	Fiscal year	
	2006 estimate	2007 request
China .....	19,800	.....
Muslim—outside Middle East <sup>2</sup> .....	11,880	.....
ESF Subtotal—State/Global .....	189,585	210,320
Assistance for the Independent States of the Former Soviet Union (FSA)—USAID implemented:		
Eurasia Regional .....	590	840
Kazakhstan .....	5,797	4,480
Kyrgyz Republic .....	4,794	6,226
Tajikistan .....	4,596	4,274
Turkmenistan .....	1,090	1,100
Uzbekistan .....	3,810	3,582
FSA Subtotal—USAID .....	20,677	20,502
Assistance for the Independent States of the Former Soviet Union (FSA)—State implemented:		
Eurasia Regional .....	8,038	7,410
Kazakhstan .....	555	538
Kyrgyz Republic .....	6,200	2,349
Tajikistan .....	1,390	1,497
Turkmenistan .....	680	810
Uzbekistan .....	2,844	1,197
FSA Subtotal—State .....	19,707	13,801
Democracy Fund:		
NED programs:		
China .....	2,970	.....
Tibet .....	248	.....
N Korea .....	990	.....
Other Country Programs:		
Thailand .....	1,980	.....
Iran and Syria .....	6,485	.....
Subtotal Democracy Fund .....	12,673	.....
International Narcotics and Law Enforcement (INCLE):		
Afghanistan .....	26,500	38,000
Indonesia .....	515	525
Iraq .....	.....	247,600
Philippines .....	350	300
Thailand .....	225	.....
INCLE Subtotal .....	27,590	286,425

<sup>1</sup> Notional—program currently under review.

<sup>2</sup> Programs may also be implemented outside of Asia.

STATE DEPARTMENT/USAID DEFINITION OF DEMOCRACY AND GOVERNANCE PROGRAMS

Democracy and governance programs are technical assistance and other support to strengthen capacity of reform-minded governments, non-governmental actors, and/or citizens in order to develop and support democratic states and institutions that are responsive and accountable to citizens. They also include efforts to promote democratic transitions in countries that are not reform-minded.

Programs are organized around core concepts considered the key building blocks of democracy. Democracy programs promote the rule of law and human rights, transparent and fair elections coupled with a competitive political process, a free and independent media, stronger civil society and greater citizen participation in government, and governance structures that are efficient, responsive and accountable.

## COORDINATION OF DEMOCRACY PROGRAMS

*Question.* Within USAID and State, who specifically has authority over democracy programs, and how do USAID and State currently coordinate to ensure that democracy programs support U.S. policy objectives? How about coordination with the National Endowment for Democracy? What are your plans to improve this coordination?

*Answer.* The Director of Foreign Assistance has authority over all foreign assistance, including democracy programs. State and USAID are reforming foreign assistance processes to ensure that they advance the Secretary's transformational diplomacy goal of, "Helping to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system." The reform has identified five primary objectives toward achieving this goal, of which one is supporting states to "govern justly and democratically." All State and USAID programs in democracy will advance this objective in a manner that supports the Secretary's goal. At present, coordination with the National Endowment for Democracy (NED) is performed in Washington primarily through State's Bureau for Democracy, Human Rights and Labor, through which the NED receives its Congressional appropriation as well as additional Washington funds. Coordination in the field is done through the respective embassies and USAID missions. USAID works closely with the NED core institutes, such as the International Republican Institute (IRI) and the National Democratic Institute (NDI) both on policy issues and field operations with respect to the programs USAID manages.

## DEMOCRACY FUND

*Question.* Last year, Senator Leahy and I created a new "Democracy Fund" account as a first step to improve the conduct and management of democracy, governance and rule of law programs by consolidating activities under a single account. Do you support the Democracy Fund?

*Answer.* I support the objective of the Democracy Fund. I concur that we need to improve the conduct and management of democracy, governance and rule of law programs, in addition to programs in other sector areas. As Director of Foreign Assistance, my aim is to bring increased coherence, accountability and transparency to the use of our foreign assistance resources. I look forward to sharing with the Committee our progress in this regard.

## DEMOCRACY AND GOVERNANCE PROGRAMS IN CHINA

*Question.* Understanding you inherited the fiscal year 2007 budget request, how do you justify the inadequate request of \$733,000 for democracy and governance programs in China?

*Answer.* I agree we should be taking every reasonable opportunity to advance democracy in China. State's Bureau for Democracy Human Rights and Labor supports a \$20 million/year democracy promotion program in China—USAID's request was to continue a modest Development Assistance (DA) funded program with universities (and possibly expanding to NGOs). The \$733,000 allocated to democracy and governance, out of a total of \$5 million in DA for China, was allocated with the additional \$20 million in ESF for democracy in mind.

## BRANDING

*Question.* What is USAID's branding policy with respect to democracy assistance? Would you agree that there should be exceptions to branding—such as assistance provided to support elections?

*Answer.* USAID's branding policy for assistance awards was established by federal rulemaking, including solicitation and adaptation of comments by USAID grantees, and is published at 22 C.F.R. § 226.91. The published regulation anticipated Congress's concern by including seven "presumptive exceptions" under which branding is not required for programmatic reasons, including several that may apply to democracy programs, and one specifically that provides an exception if marking would "compromise the intrinsic independence or neutrality of a program or materials where independence or neutrality is an inherent aspect of the program or materials, such as election monitoring or ballots, and voter information literature; political party support or public policy advocacy or reform; independent media, such as television and radio broadcasts, newspaper article and editorials; public service announcements or public opinion polls and surveys."

## USAID PERSONNEL

*Question.* A number of key positions at USAID remain unfilled, including the Assistant Administrator for Management, the Assistant Administrator for Europe and Eurasia, and the Inspector General.

Do you have a timeframe for when these positions may be filled?

*Answer.* I share your concern. These positions are critical to the success of our new strategic framework. I expect that we will be able recommend nominees to the President's staff in the coming weeks.

Donald Gambatesa was sworn in as Inspector General on January 17, 2006.

## CONTRACTORS

*Question.* USAID relies on a number of institutional contractors at USAID who provide support services to bureaus and programs.

Do you believe a conflict of interest exists for contractors working at USAID, and how do you ensure that they represent the interests of the Agency and not their employers?

*Answer.* In the absence of appropriate safeguards and vigilance, there could be the potential for a conflict of interest. At USAID we take this issue very seriously and have worked to fully comply with the letter and spirit of the Federal Acquisition Regulation on Organizational and Consultant Conflicts of Interest (FAR 9.500) which limits certain activities that are vulnerable to such conflicts. Since 1999 USAID has applied the FAR standards to organizations performing designs, evaluations and audits. When mitigation of a potential conflict is not feasible, USAID restricts follow-on work. These policies include solicitation and contract clauses as well as non-disclosure agreements to assure contractors are aware of limitations. Contractors have a strong incentive to hew closely to the rules, as they are aware that any deviation could endanger their ability to compete on future contracts.

Our best guard against these issues is awareness of the rules. We accomplish this through our annual ethics training as well as regular outreach trainings conducted by our General Counsel. While we expect our contractors to have corporate codes of conduct, our supplementary training helps sensitize contractor employees to unique vulnerabilities under Federal contracts. These include assuring that contractor employees are not privy to sensitive internal Government information.

In addition to training and contract clauses, USAID Cognizant Technical Officers monitor vulnerabilities to conflicts of interest. The Ombudsman for USAID's Office of Acquisition and Assistance can address concerns raised by contractors and their employees. Finally, the Inspector General maintains a hotline that can be used if someone is concerned about an apparent conflict of interest.

## QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

## TUBERCULOSIS

*Question.* Tuberculosis [TB] is the leading cause of death among people who are HIV-positive, because of their weakened immune system. One-third of the more than 40 million people with HIV/AIDS are also infected with TB. In areas such as sub-Saharan Africa, up to half of AIDS related deaths are caused by TB.

In fiscal year 2005, 1.8 percent of PEPFAR's funding was directed toward TB/HIV activities. In fiscal year 2006 this number grew to about 2.5 percent of PEPFAR's budget. Given that TB is the leading cause of death of those infected by HIV/AIDS, do you plan to devote a larger portion of the PEPFAR budget towards programs designed to combat the threat caused by TB in the fiscal year 2007 budget?

*Answer.* In fiscal year 2005, \$19.3 million went to supporting TB-related activities in the fifteen focus countries. That amount is planned to increase to \$40.1 million in fiscal year 2006. In addition, \$91.5 million in additional funds are planned to support other bilateral country programs in fiscal year 2006. Focus country funding is expected to increase in fiscal year 2007 as well. Fiscal year 2007 Country Operational Plans are currently being produced and will be submitted for review in late 2006; these plans will set forth planned spending levels for TB/HIV activities in fiscal year 2007.

The President's budget request also includes \$91.3 million in fiscal year 2007 for support of TB activities in other bilateral countries. In addition, the U.S. Government is the largest donor to the Global Fund to Fight AIDS, Tuberculosis, and Malaria, contributing one-third of the Fund's resources. The Global Fund finances essential HIV and TB programs in resource-limited settings. The Emergency Plan emphasizes TB care and treatment for co-infected patients be included in the country

level plans, and it is considered a priority program area in guidance that has been provided to the countries in establishing their operational plans. The Emergency Plan supports programming that includes diagnosis of latent TB infection, treatment to prevent development of active disease, and general TB-related care. Because of the high rate of co-morbidity between TB and HIV/AIDS, we are also urging the counseling and testing facilities the United States supports to offer HIV testing to those who present with TB or other infectious diseases. The Emergency Plan has developed “basic preventive care packages” that include key support and preventive therapies. These packages include the tuberculosis treatment therapies mentioned above.

The Emergency Plan will continue to work with its partner USG implementing agencies that have programs focusing on TB and malaria, coordinating those programs with the Emergency Plan efforts focusing on HIV/AIDS.

#### BLOOD SAFETY

*Question.* Another problem facing in the developing world is the inability of medical providers to test blood to be used in blood transfusions for AIDS and other potentially deadly diseases. This problem is particularly acute in many sub-Saharan countries.

PEPFAR is making tremendous efforts to address this problem in the program’s fifteen focus countries. However, tainted blood is still a major problem in many non-focus countries in sub-Saharan Africa. What efforts do you propose to address this problem in non-focus countries, particularly those in sub-Saharan Africa?

*Answer.* With the knowledge that turning the tide against global AIDS requires a global fight, the Emergency Plan supports HIV/AIDS programs in 108 countries in addition to the 15 focus countries. The Emergency Plan strategy is to develop lessons learned from the rapid scale-up of national integrated prevention, treatment, and care programs in the focus countries, and have the greatest impact possible in the countries most affected by HIV/AIDS. These lessons learned are being applied to non-focus countries, including those in sub-Saharan Africa, in an effort to put into practice the most successful and comprehensive programs.

PEPFAR supports international blood safety organizations to partner with host countries in the development of comprehensive systems that include low-risk blood donor selection, blood banking, and blood safety training. The goal of these programs is to increase blood supply through donor recruitment. The programs also work to ensure blood safety through proper screening of donors and donated blood. Currently, the Emergency Plan supports:

- National programs to improve the quality of blood supplies through improved policies;
- The establishment of laboratory facilities and commodity procurement; and
- Healthcare worker training and management for technicians needing blood safety expertise.

The Emergency Plan also provides technical assistance to support countries in implementing the foundational components of effective national blood transfusion services.

#### PERU COCA PRODUCTION

*Question.* In April this year, I traveled to Latin America on a CODEL. While in Peru, I met with Susan Keogh, Director of Narcotics Affairs in Peru. Ms. Keogh informed me that approximately 400,000 acres are being deforested annually for the cultivation of coca and other plants. On average, there are approximately 40,000 to 100,000 coca plants per two acres, which require about two tons of chemicals to be used for their production.

Since coca is very vulnerable to diseases, coca growers cover the coca with pesticides which are very deleterious to the environment. Some portions of these chemicals almost always find their way into rivers and streams, as coca must be cultivated close to a water supply.

When I asked what efforts the Peruvian Government is taking to combat these problems, Ms. Keogh remarked that the Peruvian government hardly focuses on this issue of cocaine and its effects on the environment.

I noticed your fiscal year 2007 Budget Justification notes that, “Limited government presence in the highlands and jungle allows illegal coca cultivation . . . to flourish” and that “USAID strengthens state presence through programs to reduce coca cultivation.” Could you elaborate on your efforts in Peru?

*Answer.* As in so much of the South American region, the deforestation rates in Peru are abysmal, and while coca production does play a role in this, many analysts believe it is by far less a contributing factor than illegal logging and agriculture ex-

pansion. The relationship between coca cultivation and deforestation in Peru has declined rapidly in recent years as profitable legal crops have expanded the agricultural frontier. This has resulted in a legal agricultural market that dwarfs the illegal coca market in terms of total land use. Furthermore, according to the latest statistics, Peru's total coca crop, 120,000 acres, is declining.

The primary threat of deforestation deriving from coca farmers, and other colonizers, is driven by poor agricultural practices that result in the complete loss of soil nutrients in just a few years. USAID/Peru's Alternative Development Program directly addresses this threat, as described below in response to the last question. A lesser threat related to coca farming is posed by new farmers wishing to colonize new areas to grow coca. Nevertheless, compared to years past, the "new colonizers" are responsible for much less deforestation than 15 years ago. Andean Counterdrug Initiative [ACI] funding also addresses this issue by consolidating the Government of Peru's efforts to protect national parks and strengthen the sustainable forestry concession program as described below. Dissuading colonizers is also an important byproduct of programmed eradication and interdiction activities.

Peru's coca production thrives in areas that present development obstacles and where the government has a very limited presence. In these neglected and generally impoverished areas, coca production and processing brings violence and lawlessness and provides a source of financing for remnants of terrorist groups that inhabit them. Given the charged and threatening atmosphere of narco-trafficking in coca-growing areas, traditional state services and development projects cannot rely on police presence which means that education, health, and private investment projects are very costly and difficult to implement. USAID strengthens state presence in these areas through a multi-pronged approach, supporting activities to reduce coca cultivation and promote licit alternatives, complemented by actions in local government strengthening, health, education, economic growth, and environment.

A key component of the USG's comprehensive counter-narcotics strategy, USAID/Peru's Alternative Development Program operates in concert with other U.S. Government agencies, including the State Department's Narcotics Affairs Section and the U.S. Drug Enforcement Administration, as well as the Government of Peru [GOP], to reduce illegal coca production in Peru in a sustained manner. USAID pursues this goal principally through "voluntary eradication," where coca-growing communities sign an agreement with the GOP to pursue a licit lifestyle and destroy their own coca plantings. The GOP and USAID then support the community's transition to a licit lifestyle by providing development assistance based on the community's priorities. This assistance often takes the form of infrastructure (bridges, roads, schools, and health clinics). Many of the specific investments in communities are leveraging State presence where it did not exist previously. A school brings the Ministry of Education; a health center, the Ministry of Health; a bridge or a road forces the local governments to maintain the infrastructure. Alternative Development-supported projects provide an opening for government ministries to establish themselves in the communities and begin to provide traditional services to the local population.

USAID interventions also assist coca producers in moving towards high-paying export crops like coffee, cacao, and palm oil production. These productive activities are catalyzing interest the private sector, making national and international businesses stakeholders in the Alternative Development Program. All activities are closely coordinated between local governments and community members, thereby reestablishing local governments' role as an effective and transparent governing body that addresses the needs of its constituencies. In addition, USAID interventions must pass an environmental review which works to mitigate any further degradation, and all USAID projects are required to use "best practices" in land and agricultural management, as well as, minimize the use of pesticides. All forestry projects must be designed to be sustainable, to reduce future environmental problems.

*Question.* What efforts is USAID involved in to combat not only coca, but the adverse impacts production of that illicit crop has on the environment?

*Answer.* Fragile eco-systems are threatened by coca production and the rampant illegal logging in Peru. USAID promotes licit livelihoods through the reduction of poverty, the conservation of biodiversity and the implementation and enforcement of existing environmental legal frameworks in Peru. USAID interventions are also held to a strict standard including an environmental assessment before any projects begins and required environmental planning as the project is implemented. Most logging of Peru's precious timber stock is illegal and is often carried out in concert with narco-traffickers, as log trucks are often used to carry hidden stashes of drugs. Given that the forest sector is one of Peru's largest, untapped sources of jobs and export revenue, USAID's Environment Program is helping to formalize the forest sector. Activities include support to communities living in the coca growing areas

to substitute coca cultivation with forest certification activities and increase their sales of licit certified wood products in Peru and the rest of the world. This includes efforts to not just protect forest land, but make it sustainable for the future.

In nationally protected areas and parks, USAID programs work with local communities and the GOP to protect the eco-systems and develop natural resource management strategies that improve livelihoods while protecting these areas. Additionally, the program fosters greater GOP presence in protected areas by enabling municipal authorities to assume their roles in the implementation and enforcement of existing environmental legal frameworks that will prevent further expansion of coca into protected areas. USAID is also aware of the impacts to water quality that occur due to coca refinement. While the Mission does not have any programs in this area, it is aware of the Embassy in Bolivia's work to address it.

*Question.* USAID's fiscal year 2007 request for Environment and Natural Resource funds for Peru is \$3.070 million which is a 24.4 percent decrease from fiscal year 2004. Further USAID's fiscal year 2007 request for Alternative Development is down 14.5 percent over that same period. Can you explain this trend?

*Answer.* Since 2001, overall development assistance to Latin America and the Caribbean has increased from \$862,452,000 in fiscal year 2001 to \$1,696,841,000 in fiscal year 2007. The funding levels for the Andean Counterdrug Initiative have remained consistent between fiscal year 2004 through 2006. USAID recognizes the intrinsic relationship between the environment and coca production though and has therefore supplemented the environment programs with \$2.8 million in fiscal year 2005 and 2006 ACI funding.

*Question.* I note that the Andean Counterdrug Initiative funds from Agriculture and Environment have increased from \$2.9 million to \$35.1 million over this period of time—representing a 1,077 percent increase. Are any of these funds being used to mitigate the harm being done to the environment due to coca production?

*Answer.* The appearance of the enormous increase in the agriculture and environment sectors with ACI is due to a definitional change in the funding codes during this last reporting period. Previously, we attributed the bulk of ACI funds to the economic growth sector under the "other economic growth code". A change in the code's definition last year made it necessary to attribute our ACI funds to the agriculture sector with the codes corresponding to "Rural Development" and "Agriculture Production and Productivity." All ACI-related activities remain the same.

All of our agricultural and infrastructure activities follow strict standards designed to protect the environment and must undergo environmental impact assessments, including the use of integrated pest management techniques and organic production whenever possible. Farmers are taught to use sustainable agricultural practices that maintain the viability of their land and permit permanent cultivation, therefore eliminating the need to clear-cut jungle regions to access fertile land. The sustainable cultivation of long-term and profitable crops, combined with other social benefits, has been successful in preventing a return to coca cultivation and encourages these young and unstable communities (often they are 'communities' in name only) to stay put and develop, linking up with local government rather than migrating deeper into the jungle and clear-cutting virgin forest for new coca fields.

Over the last 4 years, ACI funding has helped prevent colonization by supporting sustainable forest management and park protection activities managed by USAID/Peru's Environment Program. These activities are specifically designed to prevent both illegal logging and coca colonization into delicate and still intact ecosystems in the upper and mid-Andean jungles where coca cultivation is focused.

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#### QUESTIONS SUBMITTED BY SENATOR MIKE DEWINE

##### WESTERN HEMISPHERE FUNDING

*Question.* Mr. Administrator, how do you justify the dramatic 21.6 percent cut in Development Assistance and Child Survival and Health funding from the fiscal year 2006 appropriated levels for the Western Hemisphere? Even if you compare fiscal year 2007 to the fiscal 2006 request, it's still a cut of approximately 18 percent.

*Answer.* Overall U.S. Government assistance levels for Latin America are not expected to decline in fiscal year 2007. Foreign assistance for the region has nearly doubled since the start of the administration, rising from \$862 million in fiscal year 2001 to a planned \$1.7 billion in fiscal year 2007. Reductions in the Development Assistance and Child Survival and Health requests are partially offset by increases in the request for ESF, which is \$31 million more than the fiscal year 2006 level. For additional consideration is the complete picture of U.S. Government resources going to the region. The Millennium Challenge Account will be providing significant

resources, through Compact agreements, to Nicaragua (\$175 million) and Honduras (\$215 million), as well as through Threshold Country Program funding to Paraguay (\$37 million). The Millennium Challenge Account projects compliment our efforts by supporting economic growth, infrastructure, and other projects where USAID has been active in the past.

#### MILLENNIUM CHALLENGE CORPORATION

*Question.* The President's request includes \$3 billion for the Millennium Challenge Corporation [MCC]. While the MCC does not fall directly under the authority of the Director of Foreign Assistance, the MCC consults with your office and you sit on the board as Administrator. Please explain your strategy for determining levels of other assistance if a country is MCC eligible. For instance, if a country receives a compact for a major infrastructure project, will that country be eligible to receive the same amounts of Development Assistance they had before becoming MCC eligible? I've heard concerning rumors that a blanket policy would be applied and it seems to me you may want to look at these issues on a country by country basis.

*Answer.* My role in relation to the Millennium Challenge Corporation [MCC] as Director of Foreign Assistance is to coordinate the work of the MCC with other U.S. agencies involved in foreign assistance. Millennium Challenge Corporation staff participate on the country core teams where their programs are active. These country teams are meeting now to review country allocation levels and establish priority program areas for each recipient country. MCC participation with these teams allows for collaboration between the work the MCC is doing and other U.S. Government agencies. Their participation aids in assuring that the work of U.S. Government agencies complements each other in helping to achieve the Secretary's transformational diplomacy goal of, "Helping to build and sustain well governed states that will respond to the needs of their people and conduct themselves responsibly in the international system." The final allocation of State and USAID funding will take into account the work of the MCC to ensure that our programs complement one another in achieving the Secretary's goal. We have not set guidance to preclude or include considerations of funding from one account or another as the country teams allocate their budgets. Their guidance directs them to develop a plan that will help the country advance in achieving the Secretary's goal, taking into account all U.S. Government foreign assistance resources, including MCC funds.

#### HAITI FUNDING

*Question.* As you may know, I worked to include \$40 million in additional funding for Haiti in the Senate passed fiscal year 2006 supplemental. The conference report includes \$20 million. As Director of Foreign Assistance and USAID Administrator, what are your plans for Haiti in the short-term? Have you met with the USAID Mission Director or the Ambassador yet?

*Answer.* The U.S. Government will use the supplemental funds to help Haiti reduce internal conflict and provide the basis to rebuild by addressing key sources of stress and conflict in social, economic, and political spheres, notably through increasing access to primary health services and basic education, creating employment and rebuilding assets for sustainable livelihoods, and fostering improved rule of law and responsive governance. All interventions will be undertaken to achieve short-term visible and measurable results while still developing the capacity of institutions to sustain results.

I would look forward to any opportunities in the near future to meet with both our Ambassador and our Mission Director.

#### INTERNATIONAL DISASTER AND FAMINE ASSISTANCE

*Question.* The International Disaster and Famine Assistance Account request for fiscal year 2007 is cut by \$62 million from the fiscal year 2006 enacted levels (including the supplemental funds). As you know, these are the emergency funds that save lives. In addition, there is evidence that the use of these funds in emergencies are some of our best PR efforts overseas. For the past few years, we've been relying on supplemental funding for these core humanitarian activities. I believe doing so is dangerous fiscal planning that limits critical activities that respond to the large number of natural and man-made disasters. Do you believe \$349 million is sufficient to address the emergencies we know about such as Sudan, northern Uganda, Congo, and Indonesia as well as the unforeseen emergencies to come in fiscal year 2007.

*Answer.* We have confronted a series of major disasters over the past several years. Supplemental appropriations have been essential to an effective response. At

this point, we believe the requested level will be adequate and will allow us to respond effectively.

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QUESTION SUBMITTED BY SENATOR SAM BROWNBACK

U.S.-UKRAINE FOUNDATION

*Question.* Congress has iterated its support for programs administered by the U.S.-Ukraine foundation, but USAID's decisions regarding funding for these programs has not reflected Congress' support. Is this lack of targeted funding for these programs a reflection of the general draw down of ESF funds for Ukraine, or have USAID country officials made these decisions for other reasons?

*Answer.* First, before I answer your question, let me state for the record that our programs in Ukraine are funded predominantly through the Freedom Support Act (FSA) and not through ESF funds.

USAID has funded the U.S.-Ukraine Foundation [USUF] since July 1997, when USUF was awarded a non-competitive grant. This grant has been extended several times and the total award amount has increased to its current level of \$22,245,918. The final extension to this grant has been made, taking it to July 2007, in accordance with the 10-year limit on USAID assistance instruments. During the period of this grant, USAID's funding level in Ukraine has dropped four-fold, from \$163 million in 1997 to \$41 million in 2006. Nevertheless, USUF's average funding level has remained fairly consistent at about \$2.2 million per year.

USAID recognizes the importance and value of Ukrainian Diaspora groups and we hope to continue benefiting from their participation in the USAID assistance program. Since there are currently many active and capable Diaspora groups, we expect to select a future program implementer via a competitive process.

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QUESTION SUBMITTED BY SENATOR PATRICK J. LEAHY

RUSSIA

*Question.* In July, the United States and other nations will be meeting in St. Petersburg for the annual G8 summit. Increased attention has been paid to this year's summit because Russia is hosting it.

The irony of this gathering of democratic nations in Russia is that Russia is becoming increasingly un-democratic. It has been 2 years since President Putin won reelection with no opposition. Since then, the Kremlin has opposed the democratic movement in Ukraine, supported a blatantly manipulated election in Belarus, rolled back democratic reforms in Russia, and continued its heavy handed policies in Chechnya.

The latest crackdown on democracy is a law requiring civil society groups in Russia to re-register with the Justice Ministry in order to exert greater control of their activities and finances.

The President proposes to cut aid to Russia from \$80 million in fiscal year 2006 to \$58 million in fiscal year 2007. Almost none of this goes to the government. Shouldn't we be doing more, not less, to support democracy in Russia through civil society and the media?

*Answer.* We are doing a great deal to support the democratic process in Russia. U.S. assistance in Russia supports democracy programs that encourage volunteerism and civic responsibility through support to a wide variety of both Russian and American non-governmental organizations. Programs help Russian citizens, especially young people, better understand and apply democratic values and more proactively exercise their civic rights and responsibilities. In particular, the United States supports Russian human rights organizations, independent media outlets and good governance watchdogs. The proposed fiscal year 2007 budget level for Russia reflect the impact of competing priorities in a resource constrained environment.

Our relationship with Russia will always be important for the United States. In the coming years, we intend to use foreign assistance to further our strategic partnership with Russia on areas of common interest such as countering terrorist financing, mitigating conflict in the North Caucasus, advancing implementation of Russia's local self governance law and strengthening the Russian judiciary. We also intend to support Russian reformers to help the country complete its transformation to an open, democratic society.

## QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

## DISPLACED CHILDREN AND ORPHANS FUND

*Question.* In fiscal year 2006, \$3 million was appropriated for USAID in the State and Foreign Appropriations bill. The funds were to be used as a pilot project for orphans, displaced, and abandoned children. To date, I haven't seen any evidence the funds have been put to use.

What has happened to these funds and please outline in detail what has been done with the funding for this very important project?

*Answer.* It is the explicit mandate of USAID's Displaced Children and Orphans Fund [DCOF] to directly address the concerns outlined in the language of the State and Foreign Operations Appropriations Bill. This office is charged to prevent child abandonment, address the needs of orphans, displaced and abandoned children and provide permanent homes through family reunification, guardianship and domestic adoptions. USAID will meet or exceed the \$3 million appropriated in fiscal year 2006.

Of the earmarked \$3 million, \$1.5 million will be used to reduce the abandonment and separation of children in the Democratic Republic of the Congo. This program integrates two coordinated efforts that: (1) combine poverty alleviation, training of social workers, promotion and support of children's rights, and communications and outreach, and (2) ensure minimum care standards and increase the reinsertion of separated and abandoned children with their families through support and training to local non-governmental organizations (NGOs) and government institutions.

The additional \$1.5 million will be used to support programs in Ukraine and Georgia. The goal of the Ukraine program is to build a continuum of family care services for children who are at risk or outside of family care. This program includes activities designed to strengthen and develop systems of family preservation, foster care, and adoption. The DCOF program in Georgia is targeted to assist vulnerable families to improve their ability to care for their own children as well as strengthening and expanding local NGO and government capacities to promote the physical, cognitive, emotional and psychosocial well being of at-risk children.

*Question.* In your new position, you will direct all foreign assistance. How will you use your position to advance the causes of orphans, displaced, and abandoned children in the developing world?

*Answer.* Hundreds of thousands of children are separated from their families or are in danger of becoming combatants as a result of civil war. Millions of children work or live on the streets; and as many as 40 million children will be orphaned in HIV/AIDS affected countries by 2010.

—I will work in the coming months with the Special Advisor on Orphans and Vulnerable Children, who is located within USAID, to implement a strategy that calls for a more effective and coordinated U.S. Government response. Our initial findings will be reported to the Congress in the next several months.

—We need to collaborate closely with UNICEF and leading non-governmental organizations to formulate our response, and to ensure that in countries that have completed National Plans of Action for Orphans and Vulnerable Children, that resources are made available and that results are monitored and documented.

—The U.S. Government currently implements a number of effective programs that make a huge difference in the lives of millions of highly vulnerable children around the world. Programs are located in Africa, Asia, Europe and Eurasia, and Latin America. Activities include:

- Expanding care and support programs for children affected by HIV/AIDS at the community level in countries hardest hit by the epidemic;
- Helping reintegrate child soldiers back into their families and communities, and providing psychosocial support for these children;
- Providing vocational and educational opportunities for street children and other displaced children;
- Expanding effective community-level support for orphans;
- Preventing increased disabilities through treating and preventing blindness, and education and testing related to other disabilities; and
- Food from Public Law 480 and donations from the United States to the World Food Program bring life-sustaining food to millions of children annually.

## CHILDREN IN CONFLICT AND CRISIS

*Question.* What has happened to these funds and please outline in detail what has been done with the funding for this very important project?

*Answer.* It is the explicit mandate of USAID's Displaced Children and Orphans Fund [DCOF] to directly address the concerns outlined in the language of the State

and Foreign Operations Appropriations bill. This office is charged to prevent child abandonment, address the needs of orphans, displaced and abandoned children and provide permanent homes through family reunification, guardianship and domestic adoptions. USAID will meet or exceed the \$3 million appropriated in fiscal year 2006.

Of the earmarked \$3 million, \$1.5 million will be used to reduce the abandonment and separation of children in the Democratic Republic of the Congo. This program integrates two coordinated efforts that: (1) combine poverty alleviation, training of social workers, promotion and support of children's rights, and communications and outreach, and (2) ensure minimum care standards and increase the reinsertion of separated and abandoned children with their families through support and training to local non-governmental organizations [NGOs] and government institutions.

The additional \$1.5 million will be used to support programs in Ukraine and Georgia. The goal of the Ukraine program is to build a continuum of family care services for children who are at risk or outside of family care. This program includes activities designed to strengthen and develop systems of family preservation, foster care, and adoption. The DCOF program in Georgia is targeted to assist vulnerable families to improve their ability to care for their own children as well as strengthening and expanding local NGO and government capacities to promote the physical, cognitive, emotional and psychosocial well being of at-risk children.

#### MATERNAL AND CHILD HEALTH

*Question.* Despite significant scientific advances, millions of children and their mothers still die from treatable and preventable causes in the developing world. Each year, more than 10 million children under age 5 die—40 percent of these deaths occur within the first month of life. More than half a million women die from pregnancy- and child birth-related causes each year. Although the United States has played a critical role in providing the funding and expertise that has saved lives in past, funding for low-cost, low-tech interventions has stagnated.

Under your leadership, how would the U.S. Government address the millions of preventable deaths of children under 5 and their mothers?

*Answer.* USAID will focus its efforts in countries that continue to have a high burden of preventable maternal and child mortality to maximize our impact on health. We will work with host country governments and partners to scale-up country-appropriate packages of high-impact interventions, such as childhood immunizations, oral rehydration therapy, household water disinfection, vitamin A, antenatal care, and active management of the third stage of labor. By coordinating closely with other USG initiatives, such as the President's Malaria Initiative, and with other donors, such as the United Nations Children's Fund [UNICEF] the Global Alliance for Vaccines and Immunizations [GAVI], and the Global Fund to Fight AIDS, Tuberculosis and Malaria, we will be able to complement other funding in such a way that maximizes impact on maternal and child survival, health and nutrition. Finally, we will concentrate our new investments in emerging areas, such as neonatal health, in order to accelerate the decline in infant and child mortality.

#### CONCLUSION OF HEARINGS

Senator BROWNBACK. Thank you very much. That concludes our hearings.

[Whereupon, at 4:02 p.m., Thursday, June 8, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

**STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS APPROPRIATIONS FOR FISCAL  
YEAR 2007**

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U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

NONDEPARTMENTAL WITNESS

[CLERK'S NOTE.—The subcommittee was unable to hold a hearing on the nondepartmental witness. The following statement was submitted for the record.]

PREPARED STATEMENT OF THE NATURE CONSERVANCY

The Nature Conservancy (TNC) urges the Committee to continue its strong tradition of support to international conservation by appropriating, in fiscal year 2007, \$165.5 million (the President's request) for conservation of biodiversity within the Development Assistance account of the U.S. Agency for International Development (USAID); \$107.5 million for the Global Environment facility (GEF), the same level as in recent years; \$20 million for the Tropical Forest Conservation Act (TFCA) debt-for-forest program (the same level as in recent years); and \$8 million for international conservation programs within the International Organizations and Programs (IO&P) account at the Department of State. The Conservancy urges the Committee to provide firm legislative direction to USAID, to keep Parks in Peril funded and operating in fiscal year 2007 at its recent average level funding of \$7 million, while negotiations proceed to expand and enhance this valuable program.

The mission of The Nature Conservancy is to preserve the plants, animals, and natural communities that represent the diversity of life on Earth, by protecting the lands and waters they need to survive. Our work in the United States and abroad is closely related. For example, it is not possible to protect migratory birds in their summer ranges, inside the United States, without also taking care of their winter ranges in Latin America and the Caribbean. A healthy natural environment is a key element in genuinely sustainable economic and social development around the world. Too often, short-term considerations drive bad choices, whose results can be catastrophic for both the natural world and for the people who live with and by means of that world. A healthy and sustainable environment promotes peace and security.

We support local conservation groups in the developing world that work to raise the effective level of protection at parks and nature preserves established by the local governments. We work with local communities to increase the constituency for conservation. We support sustainable development projects to create jobs and improve the productivity and standard of living of rural people living in and near protected areas. We work cooperatively with landowners to promote conservation on private lands. We are a private, non-profit organization. Our last private capital fund campaign raised more than \$1 billion, \$120 million of that for our international work. We are planning a new private campaign, which will raise even larger sums for international conservation.

About 83 percent of our operating budget is raised from non-governmental sources, but government grants fill a critical need. For example, the assistance we receive through our cooperative relationship with USAID is vital to our international operations. It is difficult to raise private dollars for international operating (as distinct from capital) expenses. Without USAID's support, these programs would be damaged.

Our Parks in Peril (PiP) program is widely regarded as among the most successful and respected in the tropical world. PiP has brought real protection to 45 major “sites” (parks and nature preserves) comprising more than 40 million acres, in 17 countries of Latin America and the Caribbean. The PiP methodologies have been applied at many other sites, and millions of additional acres, that never received USAID funding. In recent years, USAID has supported PiP with about \$7 million. The leverage on the U.S. investment in PiP is high—more than \$400 million raised by us and by our local partners for conservation work at or near the PiP sites.

Your Committee has praised Parks in Peril in its past reports. We urge you to do so again and to add language directing USAID to fund the program at \$7 million in fiscal year 2007 while design continues for an enhanced and global version of this effort. If funding is allowed to lapse for even 1 year, some of the achievements of the program will be disrupted. Furthermore, such a lapse would waste funds; it would cost more money to restart the program from a complete stop, as compared to continuing it during the design phase for a global effort.

The Tropical Forest Conservation Act (TFCA) is also funded within Foreign Operations. The Administration has included the TFCA in its request for broader debt relief, and has indicated that it anticipates spending \$8 million on TFCA in fiscal year 2007. We recommend that TFCA be given a separate line item and funded at \$20 million, the same level as in recent years. TFCA has shown good results and good leverage on the Federal investment. TNC alone has donated \$5 million to TFCA deals. TNC is a donor to TFCA deals, not a financial beneficiary, but the cause of international conservation benefits greatly. TFCA deals are likely over the next year or two in Guatemala, Paraguay, Botswana, Belize, Jamaica, and Brazil.

The Global Environment Facility (GEF) is the largest single source of environmental funds (including conservation) in the world. The U.S. Government contributes 22 percent, which is leveraged nearly 4 to 1 by other governmental donors, then further leveraged at least 2 to 1 by local “match,” so that ultimately every dollar of U.S. money is leveraged by at least 10 to 1, and sometimes up to 20 to 1, for on-the-ground environmental projects. The Administration’s request level for fiscal year 2007 is \$56.25 million, barely half the pledge level of recent years. This request appears to assume that current talks within the GEF for administrative changes (favored by the U.S.) to enhance efficiency, will fail. We are concerned that the low request number will, if adopted, make failure nearly inevitable. We urge the Committee to instead appropriate at least the level of recent years—\$107.5 million—in fiscal year 2007. Some portion of that \$107.5 million could be made conditional upon successful adoption of changes in the GEF acceptable to the U.S. delegation.

Thank you for this opportunity to submit testimony.

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