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THE PRESIDENT'S BUDGET FOR FOREIGN AFFAIRS

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

FEBRUARY 15, 2006

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THE PRESIDENT'S BUDGET FOR FOREIGN AFFAIRS

WEDNESDAY, FEBRUARY 15, 2006

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 9:45 a.m., in room SH–216, Hart Senate Office Building, Hon. Richard G. Lugar (chairman of the committee) presiding.

Present: Senators Lugar, Hagel, Chafee, Allen, Coleman, Alexander, Murkowski, Martinez, Biden, Sarbanes, Dodd, Kerry, Boxer, Nelson, and Obama.

OPENING STATEMENT OF HON. RICHARD G. LUGAR, U.S. SENATOR FROM INDIANA

The CHAIRMAN. This hearing of the Foreign Relations Committee is called to order.

Secretary Rice will be with us in a few moments. She is en route presently. Because we have a very restricted time period today, from 9:45 to 11:45, we're going to try to utilize each minute so that we will have maximum fairness to each one of our members who may have questions and dialog with the Secretary.

Let me mention that, at a point in which a quorum of the committee is present—that is, 10 members—at a convenient point, and with the cooperation of the distinguished ranking member, Senator Biden, we will pause for a short business meeting of the committee. We have a substantial list of Foreign Service officers. We have a number of ambassadors who have been heard in subcommittee or full committee meetings, as well as State Department persons. We will try to gain confirmation of those, at least in the committee, and send those to the floor.

In the interest of attempting to expedite the hearing, I have a substantial opening statement, which greets the Secretary, points out the difficulties that both the Secretary and Congress have had in getting the support that we need for our State Department for foreign assistance, and for our other foreign policy objectives. It is important that we formulate strategies to work effectively together in those endeavors. I will submit that statement for the record and may refer to it in my time of questioning.

[The prepared statement of Senator Lugar follows:]

PREPARED STATEMENT OF RICHARD G. LUGAR, U.S. SENATOR FROM INDIANA

Today the Foreign Relations Committee welcomes Secretary of State Condoleezza Rice. We greet her as the President's spokesperson on world affairs and the chief

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architect of U.S. foreign policy. We have many questions for her pertaining to a wide variety of foreign policy issues, including the Bush administration's plans for making further progress in Iraq and Afghanistan; the status of negotiations pertaining to Iran, North Korea, and the Arab-Israeli peace process; and her assessment of the State Department's budget.

This is the first international affairs budget that has been developed under Secretary Rice's guiding hand. This budget should be seen as the civilian counterpart to our military budget. The missions and objectives funded by the international affairs budget must be strengthened if we are to secure America's future. Secretary Rice's call for "transformational diplomacy" is evidence that she agrees. This budget includes a welcome increase, but recent history suggests that the full request may not survive the congressional budget process without vigorous and ongoing dialog between the executive and congressional branches.

Last year, Congress slashed the President's international affairs request by $2.1 billion—or about 6 percent. The year before that, Congress cut the request by a comparable amount. Thus, for two consecutive years, Congress has refused to give the President what he says he needs to address global challenges through nonmilitary means. Much criticism of administration policy in the war on terrorism is leveled on the Senate floor and in various congressional committees, but the Congress itself is limiting the number of people and programs that could be activated to address terrorism, weapons proliferation, energy dependence, avian flu, religious extremism, and innumerable other threats. None of these national security challenges can be overcome purely through unilateral policy choices or through military action. We are dependent on other nations to help us respond to these threats so that individual Americans can enjoy the security they need to get an education, build a career, raise families, save a nest egg, and live fulfilling lives. We cannot fully succeed in this fundamental mission, unless the programs and people funded by this budget succeed.

The Bush administration deserves praise for its international affairs budget submissions. President Bush and Secretary Powell reversed the downward spiral in U.S. foreign policy capabilities that was imposed during the 1990s. In that decade, both Congress and the executive branch rushed to cash in on the peace dividend. The defense budget was cut substantially, but in percentage terms, the much smaller foreign affairs budget suffered even more. During the 6-year period from 1992 to 1998, the 150 Account was cut every single year. As a percentage of GDP, this 6-year slide represented a 38-percent decrease in foreign affairs programs.

In the post-cold-war days, cutting the 150 Account seemed logical to many. But by the time we confronted the tragedy of September 11, 2001, many of our foreign policy capabilities were in disrepair. In 2001 the share of the U.S. budget devoted to the international affairs account was barely above its post-World War II low and only about half of its share in the mid-1980s. Embassy security upgrades were behind schedule, we lacked adequate numbers of diplomats with key language skills, many important overseas posts were filled by junior Foreign Service officers, we possessed little civilian post-conflict stabilization and reconstruction capacity, and our public diplomacy was dismal. Our diplomatic capabilities have made progress under President Bush, but much work is left to be done.

Given Congress's actions during the last 2 years, one might begin this hearing by asking an obvious question: Namely, what $2 billion in this budget submission does the administration prefer to be cut? But I believe that Secretary Rice genuinely wants to devote every dollar of the request to aggressively safeguarding America's future. So instead, I would like Secretary Rice to explain in her remarks what the President and his administration will do to guarantee that Congress preserves this request and approves the supplemental funding for the 150 Account that we hear will be requested soon.

What will the Commander in Chief do—in an era that members of his administration are describing as the "long war"—to ensure that he has the civilian tools to fight that war? What will he do to ensure that we have sufficient funding to build secure embassies for American workers and travelers, to deny terrorists any hope of official documentation to enter this country, to work with foreign partners to track down terrorists overseas, and to secure dangerous weapons wherever they are found?

I would cite one episode to illustrate the difficult atmosphere in Congress with respect to the international affairs budget. During last year's budget resolution, an amendment was offered in the early stages of consideration to shift $410 million from the 150 Account to another priority. The amendment passed virtually without dissent, 96 to 4. The four Senators who voted against the cut to the 150 Account were members of this committee.

This lopsided defeat occurred despite the fact that 44 Senators had signed a letter to President Bush shortly before strongly urging "a robust increase" in the international affairs budget. Even the Senators who had organized the letter voted against the 150 Account in this first challenge to it. I do not question the judgment of the 96 Senators who voted for the amendment. The account to which the money was transferred was a compelling priority. But we must recognize that the budget is full of compelling priorities, and historically, foreign affairs spending has been a prime target for offsetting increases elsewhere.

Even today, when we are in the midst of a global struggle of information and ideas, when anti-Western riots can be set off by the publication of a cartoon; when we are in the midst of a crisis in Iran that will decide whether the nonproliferation regime of the last half century will be abandoned; when we are soon to enter our fourth year of attempting to stabilize Iraq; and when years of effort to move the Arab-Israeli peace process are at risk—even then, the reservoir of support for international spending in Congress is shallow. Members of Congress may recognize the value of the work done by the State Department and some selected programs may be popular, but the 150 Account seldom will be defended against competing priorities.

Again, this year, 45 Senators have signed a letter to the President asking for increases in the 150 Account. But Congress, left to its own devices, is unlikely to give the President what he has requested. The only way to achieve full funding of the request is for the President, the Secretary of State, and other top officials to emphasize unequivocally and repeatedly over the course of months that this is the amount that we need to keep the country safe and to meet our obligations. They must draw indisputable connections between this funding and American national security.

To make a comparison, I recently interacted with the Department of Defense on a program that they wanted to initiate. I received notes, telephone calls, and visits from members of the Joint Chiefs, a combatant commander and top civilian leadership at the Pentagon. With this kind of legislative mobilization and willingness to explain their requests, the Defense Department tends to succeed in debates on spending and programmatic changes. We need a State Department with similar determination, backed up by Presidential support.

This committee will soon hold a hearing to examine policy options with respect to Iran. That nation's intransigence in the face of growing international opposition points to a diplomatic showdown. We should not underestimate the impact of an Iranian Government possessing nuclear weapons. Beyond our concerns about what a hostile government might do with such weapons, the development of an Iranian nuclear capability could destabilize the Middle East and undercut the efficacy of the Nuclear Non-Proliferation Treaty. The administration has sought a diplomatic solution to the problem working through allies and the United Nations Security Council.

At the U.N. Security Council last week, I told that body: "If Iran does not comply with U.N. resolutions and arms agreements, the Security Council must apply strict and enforceable sanctions. Failure to do so will severely damage the credibility of a painstaking diplomatic approach and call into question the world's commitment to controlling the spread of nuclear weapons." I am particularly interested in hearing from the Secretary if the administration has a set of sanctions in mind that it believes would alter Iranian behavior. I believe that we must think two or three steps beyond the question of whether we can obtain an original positive vote in the Security Council.

Similarly, we are interested in your views on Iraq. Last week, this committee held a hearing on the efforts to stabilize and reconstruct Iraq, which revealed some progress, but also some troubling deficiencies. The State Department is now the lead executive branch agency in charge of stabilization and reconstruction in Iraq. As the administration asks for additional funding for Iraq reconstruction, we must continue to make certain that funds are being spent efficiently and according to a clear set of priorities.

We are also eager to listen to your views on the Arab-Israeli peace process in the wake of the election of Hamas. We applaud the personal efforts you have made to preserve and advance the peace process.

I want to commend your work to develop a more efficient and coordinated U.S. Government foreign assistance strategy. Your decision to name Randy Tobias as the USAID Administrator and your advisor on developing a new, comprehensive approach to foreign assistance is welcome, and we are looking forward to his confirmation hearing.

Another area where your leadership is particularly appreciated is your support for the State Department's Office of Reconstruction and Stabilization and your decision to dedicate 15 of the 100 newly requested State Department positions to that Office. As you know, Senator Biden and I initiated conversations back in 2003 about this

gap in the Department's capability. It was clear to us that the State Department and USAID needed to develop an ability to mobilize quickly in post-conflict situations. I hope that you will create the Active-Duty component of the response corps that we envisioned in our legislation. We should work together to make certain that both the $75 million conflict response fund and a robust operations budget is funded for this purpose.

Madame Secretary, it is a pleasure to have you with us today. We look forward to your insights on these matters and to the chance to engage you in a dialog on the administration's global strategic vision.

The CHAIRMAN. I will then, turn now to the distinguished ranking member, Senator Biden, for his opening statement, following which we're hopeful that the Secretary will be able to give her statement, and then we will proceed with a question period, starting with a round of 5 minutes for each member, moving around the table from one side of the aisle to the other. Hopefully we will have an excellent opportunity to explore all of our major issues.

It's a privilege, as always, to have the Secretary of State. We look forward to this hearing. We thank her for accommodating the schedule to Congress, which made it necessary to postpone the hearing yesterday due to rollcall votes on the floor.

I turn now to my distinguished friend, Senator Biden.

OPENING STATEMENT OF HON. JOSEPH R. BIDEN, JR., U.S. SENATOR FROM DELAWARE

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

I have a longer statement that I'll submit for the record, and I will repeat some of this in my questioning to the Secretary.

But one of the things that I'd like to speak to the Secretary about today is the overall rationale for this administration's foreign policy. Four years ago, they announced that the "axis of evil" had to be dealt with, they talked about Korea, Iran, and Iraq. Korea now has the capacity to have at least four times as many nuclear weapons as they had before. We say that they cannot be a nuclear state, when, in fact, they are. They are a nuclear state, and we seem to be living with it. What are we going to do about it?

With regard to Iran, there was, I think, a paralysis for about 4 years on Iranian policy, but now I want to talk to the Secretary. I think the administration has gotten the policy on track here, in terms of working with the rest of the world to attempt to isolate and thwart the aspirations of the present Iranian Government toward acquiring nuclear capability, or nuclear weapons capability.

And in Iraq the question is, Are we going to leave behind a nation more stable than we found it when we went in? We had a very damaging, I thought, report by the inspector general about the status of our reconstruction efforts in Iraq in every measurable indicia of progress—oil, potable water, sewage, et cetera. We are way behind. And we're actually at prewar levels for the Iraqi people. And it's clear to me that we're going to substantially draw down the American forces. It's clear to me we're going to be below a hundred thousand, by the end of this year; and at the end of 2007, significantly lower. And as you and I have talked, and many of us have talked about it, there's a need to galvanize international pressure on Iraqi leaders to actually come up with a consensus government. I'm not hopeful, based upon the deal made, apparently, with

Jaafari and Sadr. I'm not hopeful. And so, I'd like to talk about that a little bit, because the policy seems not to be succeeding.

And I'd also want to talk about the policy of elections. I think this administration is enamored with elections, and confuses them with democracy. Elections a democracy doesn't make. Democracies cannot come to fruition without elections, but you need the infrastructure for democracy. And we've not done all that well in the elections that have been held.

And in Lebanon, Hezbollah gains a democratic, "foothold." We all know what happened in Israel with Hamas, a difficult problem to deal with. In Egypt, the Muslim Brotherhood. In Iraq the elections clearly went toward a clerical pro-Iranian tilt. Where does that go? So, I want to talk about that.

I also want to mention the 9/11 Commission. The 9/11 Commission has given pretty bad grades here.

And I see the Secretary is here now. Madam Secretary, we weren't being disrespectful; we're trying to save your time by us doing our opening statements——

Secretary RICE. I apologize.

Senator BIDEN [continuing]. In your absence. And we'll repeat some of this in questioning.

And I also want to talk, Mr. Chairman, a little bit about Darfur. It is good news the United Nations has taken the step it has, but, quite frankly, in the interim an awful lot of people are going to die. And I firmly believe the United States should lead the way in NATO to provide a small NATO protection force and a NATO-enforced no-fly zone to bridge the U.S. mission.

And, last, I want to commend the Secretary for thinking creatively with her proposal on the Foreign Service and coordination of foreign assistance programs. And I'd like to speak about that a little bit.

But my entire statement I'd like to be placed in the record, if I may, Mr. Chairman.

The CHAIRMAN. It will be placed in the record in full.

Senator BIDEN. And I thank you for holding this hearing. I thank the Secretary for accommodating our schedule from yesterday.

Thank you.

[The prepared statement of Senator Biden follows:]

PREPARED STATEMENT OF SENATOR JOSEPH R. BIDEN, JR., U.S. SENATOR FROM DELAWARE

Madam Secretary, welcome back to the committee.

Four years ago, the President warned that we confronted a dangerous axis of evil in Iraq, Iran, and North Korea, and that by seeking weapons of mass destruction, these regimes presented a "grave and growing danger."

Today, two members of the axis of evil—Iran and North Korea—pose an even greater threat to our security than they did 4 years ago, and in the third, Iraq, we risk trading a dictator for chaos.

We continue to have a great debate about Iraq. But we can all agree that an unstable Iraq is not in our interests.

The drawdown of American troops is already underway—I believe we will be down to 100,000 Americans by the end of this year, and half that number by the end of 2007.

The critical question now is whether we will leave Iraq with our security interests intact. The answer will depend on our success in three areas:

First, we must galvanize international pressure on Iraq's political leaders to form an inclusive government and agree to a consensus constitution.

Second, we must provide Iraqi security forces with the leadership, training, equipment, and logistical capabilities to operate on their own. We have made progress, but there is still a long way to go.

Third, we must develop Iraq's governing capacity and ability to deliver basic services.

Last week, we heard a dismal report on the current state of Iraq's infrastructure. By just about every critical measure—electricity, drinkable water, sewage treatment, and oil production—Iraq is worse off today than before the war. Unless these shortfalls are addressed, they will continue to fuel the insurgency.

Perhaps the gravest danger to our security lies in Iran. If the world does not dissuade Iran from producing fissile material, or developing the capacity to produce that material, then an extremist government that actively supports international terrorism will gain a nuclear weapons capability.

Four years of policy paralysis in Washington during the first term did nothing to stop Iran's program. I commend you for the last year of determined diplomacy, which has led to a broad coalition of support for reporting Iran to the U.N. Security Council.

But that was the easy part. Now the world must take more tangible action to show Iran how isolated it will be unless it reduces its nuclear ambitions.

The world must also convince the Iranian people that a nuclear weapons capability is not in Iran's national security interest. I urge the executive branch to conduct careful studies of possible sanctions—and their impact—that could be implemented against Iran. It is equally vital for the administration to prepare the American people for some level of sacrifice in order to maintain economic pressure on Iran.

The administration has stated that "The United States is not prepared to tolerate a nuclear-armed North Korea." I don't know what that means, as most experts believe North Korea already has nuclear weapons, and that it probably increased its arsenal from one to two weapons to as many as 10 over the past 5 years.

I do know this: Big nations should not bluff. And by any measure we are currently tolerating a nuclear North Korea.

The United States is not to blame for North Korea's intransigence. But the lack of urgency and attention given to this problem is troubling.

In December, the 9/11 Commissioners issued their latest report card on the Government's efforts to implement its recommendations. On the areas where the State Department has responsibility, Madam Secretary, it did not make the Dean's List.

The Commissioners gave out several "Ds"—including on the issue of making a maximum effort to prevent terrorists from acquiring weapons of mass destruction, our policy on Saudi Arabia, and certain public diplomacy efforts.

I am not surprised by this dismal rating—for years, this administration has underfunded critical nonproliferation programs and failed to cut through redtape with Russia.

The recent victory of Hamas in the Palestinian elections is further evidence that elections do not a democracy make. Indeed, the recent string of strong showings by Islamists in the Middle East—Hamas, the Muslim Brotherhood in Egypt, religious parties in Iraq, and Hezbollah in Lebanon—remind us that elections can produce distorted outcomes when there is not equal emphasis on developing the institutions of democracy, such as political parties, a civil society, a free press, and the rule of law.

Hamas's victory casts a pall on the future of the peace process. Israel cannot be expected to negotiate with a party that calls for its destruction, engages in terrorism, and maintains an armed militia.

Unless Hamas changes it stripes, we must build international support to isolate it.

I remain concerned by the inadequate response to the tragedy in Darfur. The initiative to establish a U.N. force for Darfur is welcome. But it will take up to a year to deploy such a force. In the meantime, thousands more will suffer from genocidal acts. The United States should lead the way in NATO to provide for a small NATO protection force—and a NATO-enforced no-fly zone—as a bridge to the U.N. mission.

Finally, let me commend you for thinking creatively with your proposals on the Foreign Service and coordination of foreign assistance programs. We still don't know all the details of these proposals, but we look forward to working with you to develop them in the months ahead.

The CHAIRMAN. Indeed. And we greet you, Secretary Rice. We thank you very much for making it possible for us to conduct this hearing today, because your presence is the essential element.

I've submitted my opening statement for the record. Senator Biden has summarized his, and it's a part of the record. As I have mentioned earlier, I'm hopeful that staff members will inform Senators as they are coming in, that we have a very important promotion list, as well as nominees to the State Department, and ambassadorships. At a time that we get a quorum, we will have a short business meeting, and hopefully do business which will be helpful to you and to American diplomacy in the process.

But we're delighted that you're here, and honored. I have informed all of us that our hearing must end at 11:45; therefore, we'll adopt a 5-minute question period so that members, hopefully, on both sides of the aisle, can be accommodated.

It's a privilege to recognize you, Secretary Rice.

STATEMENT OF HON. CONDOLEEZZA RICE, SECRETARY OF STATE, DEPARTMENT OF STATE, WASHINGTON, DC

Secretary RICE. Thank you very much, Mr. Chairman, Senator Biden, Senator Hagel, other Senators. Thank you very much for giving me the opportunity to address you.

I have a longer written statement, which I would like to enter into the record, but I will not go through that statement, so that we can maximize time for questions.

Mr. Chairman, it's been a little over a year since I was confirmed by this committee as Secretary of State, and obviously a lot has happened in that year.

The President's budget this year is in support of a foreign policy that is devoted to the creation of a more hospitable environment for the forward march of freedom and democracy. Democratic processes must be supported around the world. These are transitional periods in some part of the world—some parts of the world, like the Middle East. And the democratic transitions are, indeed, difficult. But people have to have their voice, and the United States must stand for a principle that democratic processes, no matter how difficult, are always preferable to the false stability of a dictatorship.

You will notice that this year the President is requesting funding for Iraq and Afghanistan, where young democracies are trying to make their way toward stability. I will talk later, perhaps in questions, about developments in the Middle East; in particular, the Palestinian elections. And let me just say that the United States does want to congratulate the Palestinian people on having held an election that was largely free of violence and largely believed to be free and fair. The Palestinian people voted for change. We believe that they voted for change against long-term corrupt practices that have made their lives difficult and their progress difficult. What has not changed is the Palestinian people's desire to have a freer and a better life. And, in that regard, Hamas, which won that election, now has both an obligation and a choice to fulfill the Palestinian people's desire for a better life. That better life can only be achieved in a peaceful environment, which can only be achieved with a two-state solution. And so, Hamas is being confronted with a choice by the international community. I think the Quartet statement speaks to that choice, that Hamas must recognize the right of Israel to exist; disarm as a militia; and renounce violence. Be-

cause only under those circumstances can there be true international support for the next Palestinian Government.

We recognize, also, that other major challenges have arisen this year. In particular, I would like to speak briefly to the Iranian problem, the Iranian regime, with its destabilizing policies throughout the region, policies that support terrorism and violent extremism. The Iranian regime uses those tools to further ideological ambitions and policies that are, frankly, a challenge to the kind of Middle East that I think we would all like to see, one of tolerance, one of democracy. The United States will actively confront the aggressive policies of this Iranian regime. And, at the same time, we are going to work to support the aspirations of the Iranian people for freedom in their own country.

The Iranian regime is now deepening its own international isolation through toxic statements and confrontational behavior, most especially in its pursuit of nuclear weapons and pursuit of policies that are now being roundly condemned by the international community.

Mr. Chairman, I think it's fair to note that no one wants to deny the Iranian people or the Iranian nation civil nuclear power. Many different options have been put before Iran. They have chosen to isolate themselves instead. In a year of peaceful and patient efforts, the United States has broadened the diplomatic consensus on the threat posed by Iran's nuclear program. We have successfully convinced Russia and China and India and Brazil and Egypt and many others to send the issue to the U.N. Security Council. The community of nations is, as I said, not debating whether Iran should have civil nuclear power, but how to safely do so without a proliferation risk.

We must now expand the international consensus on the Iranian regime's nuclear ambitions to address the full scope of its threatening policies. In conjunction with our multilateral diplomacy, the United States will develop sensible measures, security measures, including looking further at our Proliferation Security Initiative and those who cooperate with us to try and deny, to regimes like Iran, North Korea, and others, the materials for covert programs that threaten the international system.

At the same time, we are going to begin a new effort to support the aspirations of the Iranian people. I want to thank the Congress for giving us $10 million to support the cause of freedom and human rights in Iran this year. We will use this money to develop support networks for Iranian reformers, political dissidents, and human rights activists.

We also plan to request $75 million in supplemental funding for the fiscal year 2006 to support democracy in Iran. That money would enable us to increase our support for democracy and improve our radio broadcasting, begin satellite television broadcasts, increase the contacts between our peoples through expanded fellowships and scholarships for Iranian students, and to bolster our public diplomacy efforts.

In addition, I will be notifying that we plan to reprogram funds in 2007 to support the democratic aspirations of the Iranian people.

Now, I'm sure that the members of the committee know that going forward with this effort requires that we remove obstacles

that hinder our ability to support those courageous Iranians working for their country's freedom, so we are working with the Treasury Department to overcome U.S. regulatory restrictions to allow the U.S. Government to make grants to nongovernmental organizations for democracy promotion activities in Iran.

We want to expand our educational exchanges with the young people of Iran who have never experienced democracy. In the 1970s, 200,000 Iranians studied in the United States. That figure is 2,000 today. We must change this. And we will. And we're beginning a new effort to dramatically increase the number of Iranians who can come to study in America, the number of Iranian professionals who wish to visit. I've said, on a number of occasions, that I've read that it is forbidden in some quarters to play Beethoven and Mozart in Tehran. We hope that Iranians can play it in New York or in Los Angeles.

Finally, let me just say, Mr. Chairman, that Senator Biden kindly mentioned the efforts that we're making in the Department to transform our workforce, to transform the men and women—the skills and tools of the men and women—of the State Department who must lead our transformational diplomacy. We have repositioned 100 Foreign Service and other positions—there will be more—because we feel that the presence needs to match the global challenges.

We have also undertaken, within the limits of my authority, a reform of foreign assistance so that we can get better alignment between USAID and State, so that we can be better stewards of the American people's money.

I want to be very clear that America will always care for, and will always try to serve, the most vulnerable populations with humanitarian assistance and with help for child welfare and with assistance to disaster relief, when necessary. It is also our goal to make our foreign assistance something that is not permanent for countries as they transition to well-managed countries that fight corruption, that govern wisely, that make investments in their people. And so, one of our goals is to make certain that we are serving, also, the objective of the creation of well-governed democratic states that, on their own, can attract foreign investment, attract trade, and begin to move away from foreign assistance.

Thank you very much, Mr. Chairman, and I'm now happy to take questions.

[The prepared statement of Secretary Rice follows:]

PREPARED STATEMENT OF CONDOLEEZZA RICE, SECRETARY OF STATE, DEPARTMENT OF STATE, WASHINGTON, DC

Thank you, Mr. Chairman, members of the committee. I appreciate this opportunity to address the committee 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 FY 2007 International Affairs Budget for the Department of State, USAID, and other foreign affairs agencies totals $35.1 billion. President Bush also plans to request supplemental funding to support emergency, one-time programs that are essential to the success of some of our highest foreign policy priorities.

This money will do more than support our diplomacy; it will strengthen our national security. America today is a nation at war. We are engaged in a long conflict against terrorists and violent extremists. Across the world, the members of our Foreign Service, Civil Service, and our Foreign Service Nationals are advancing America's diplomatic mission, often working in dangerous places far away from their friends and loved ones. Our Nation's men and women in uniform are also shouldering great risks and responsibilities. They are performing with courage and heroism, and many have made the ultimate sacrifice to secure our way of life. Today, I want to recognize these courageous public servants and their families, who endure long periods of service abroad and painful separation with fortitude.

America's enemies remain eager to strike us again, 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 replace hatred with hope.

Mr. Chairman, I would now like to offer an overview of the current mission of the men and women of the State Department—a mission that we have called transformational diplomacy.

A NEW DIPLOMACY FOR A TRANSFORMED WORLD

In his second inaugural address, President Bush laid out the vision that leads America into the world: "It 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 an extraordinary time, one in which centuries of international precedent are being overturned. The prospect of violent conflict among great powers is more remote than ever. States are increasingly competing and cooperating in peace, not preparing for war. Peoples in China, India, South Africa, Indonesia, and Brazil are lifting their countries and regions to new prominence. Democratic reform has begun in the Middle East. And the United States is working with our democratic partners in every region of the world, especially our hemispheric neighbors and our historic treaty allies in Europe and Asia, to build a true form of global stability: A balance of power that favors freedom.

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 today's world. Our diplomacy must integrate and advance all of these goals together.

So I would define the objective of transformational diplomacy this way: 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. This is a strategy rooted in partnership, not paternalism—in doing things with other people, not for them. We will use America's diplomatic power and our foreign assistance to help foreign citizens better their own lives, build their own nations, transform their own futures, and work with us to combat threats to our common security, including the spread of weapons of mass destruction.

PRACTICING TRANSFORMATIONAL DIPLOMACY

Faced with such extraordinary challenges, 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. 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 possible 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 giving more of our people new training and language skills to engage more effectively with

foreign peoples. We are enabling our diplomats to work more jointly with America's service men and women. And I have announced that I am creating a new position of Director of Foreign Assistance. This reform will transform our capability to use foreign assistance more efficiently and more effectively to further our foreign policy goals, to bolster our national security, to reduce poverty, and to improve people's lives around the world.

We are making the initial changes using our existing authority, and the additional funding we are requesting in the FY 2007 budget will help us continue implementing 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 with our people—ensuring that they are in the right places, with the necessary tools and training to carry out their mission. We are requesting $23 million for 100 new positions on the new frontlines of our diplomacy: Key transitional countries and emerging regional leaders in Africa, Latin America, the Middle East, and Asia. These new positions will complement the 100 that we are already repositioning as part of our ongoing effort to change our global diplomatic posture. This repositioning effort will require a renewed commitment to secure and modernize our many posts overseas, and we are seeking $1.5 billion for security-related construction and rehabilitation of our diplomatic facilities.

In addition to requesting new positions, we will continue to invest in our people, our greatest resource. More and more, we are calling upon our diplomats to leave their families and serve at unaccompanied "hardship posts" that now make up 20 percent of our yearly overseas assignments. 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. We will also further our efforts to train America's diplomats to speak critical languages like Chinese, Urdu, and Arabic, which they will increasingly need, in addition to more traditional languages, as they progress in their careers. New training will also make full use of dynamic new technologies, and we are asking for $276 million to integrate our workforce with 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 rethinking 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. One idea we are beginning to implement is the creation of 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 our principles. The $351 million that we seek will be essential for us to continue revitalizing our public diplomacy.

To complement our public diplomacy, we must ensure that America remains a welcoming place for all 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 through information technology. 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 our fundamental commitment to serve each and every American citizen when they go abroad. At the same time, we are seeking $474 million to support our 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 their partners in the United Nations and other international organizations. We seek $1.6 billion to fund U.S. assessed and voluntary contributions to international organizations. The United States takes our international obligations seriously, and we remain committed to strengthening the financial stability, efficiency, and effectiveness of international organizations.

DEFEATING TERROR AND ADVANCING LIBERTY

The President's FY 2007 budget will help prepare the men and women of the State Department to meet the goals of transformational diplomacy. Our principal

objectives are to stem the tide of terrorism and to help advance freedom and democratic rights.

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 states, our assistance will also help to bolster thriving democratic and economic institutions reducing the societal schisms that terrorists exploit for their own ideological purposes. Our FY 2007 request includes, among others, $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. Our diplomacy cannot focus on nonproliferation alone; we must also develop new tools and new policies of counterproliferation: Actively confronting and rolling up the global 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 threatening conventional weapons like MANPADS. The FY 2007 budget proposes to increase funding for our State Department's efforts to help countries fight the proliferation of dangerous weapons and materials.

These requirements are essential and immediate, but our vision must look beyond present horizons. To defeat the threat of terrorism, we must work to build a future of freedom and hope. As President Bush has said, in the long run, liberty and democracy are the only ideas powerful enough to defeat the ideology of hatred and violence. Freedom is on the march today all around the world, and the United States must continue to open a path for its expansion, especially in Iraq and Afghanistan.

In December, over 12 million Iraqi people voted in free elections for a democratic government based on a constitution that Iraqis themselves wrote and adopted. Through their actions, the overwhelming majority of Iraqis are demonstrating that they support freedom and oppose terrorism. The democratic government that is taking shape in Baghdad today should support human rights, foster new opportunities for prosperity, and give all Iraqis a stake in a free and peaceful future. It should separate stalwart Iraqis from the purveyors of terror and chaos. 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.

Although Iraqis are undertaking this work themselves, international assistance remains essential to Iraq's success. United States assistance is helping Iraqis to build their security capabilities, empowering civil society and democratic institutions, increasing and improving the production and availability of electricity, distributing millions of new textbooks, providing access to clean water for millions of Iraqis, and helping protect millions of Iraqi children from disease.

The President's request of $771 million, along with the forthcoming 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 our integrated security, economic, and political tracks to success in Iraq. The supplemental request will fund programs that are integral to our counterinsurgency campaign and to the operating and security costs of our diplomatic mission, while the FY 2007 request supports capacity development essential for Iraq's transition to self-reliance. The money requested by State will allow us to work effectively with our Iraqi partners to advance our strategy of "Clear, Hold, Build"—clearing areas of insurgent control, holding newly gained territory under the legitimate authority of the Iraqi Government, and building economic infrastructure and capable national democratic institutions that are essential to Iraq's success.

Our work also continues in Afghanistan. After the United States, along with our allies and friends, removed the Taliban regime, the Afghan people set out to liberate themselves. They did so with the international community by their side. And today, the Afghan people have achieved the ambitious vision that we all set together 4 years ago in Bonn, Germany: A fully functioning, sovereign Afghan Government. This government was established through successful Presidential and parliamentary elections, in which millions of men and women voted freely for the first time. Today, Afghanistan has a democratic constitution; an emerging free economy; and a growing, multiethnic army that is the pride of the Afghan people.

Despite this dramatic progress, there is still much hard work to be done. President Bush's request of $1.1 billion for Afghan reconstruction, along with supplemental funding to be requested, will allow us to continue helping the people of Afghanistan meet the remaining political, economic, and security challenges they face. With your continued support, along with help from NATO, the United Nations, and all other contributors from the international community, we can help the Afghan people complete their long journey toward a future of hope and freedom.

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, in which elections are an important and necessary beginning. The freedom to choose invests citizens in the future of their countries. But as President Bush has said, one election does not establish a country as a 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 for all citizens; and the official renunciation of terrorism and ideologies of hatred. On this last point especially, we will continue to insist that the leaders of Hamas must recognize Israel, disarm, reject terrorism, and work for lasting peace. 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 good work in promoting lasting democratic change all around the world.

The progress of the Broader Middle East is hopeful, but it still faces determined enemies, especially the radical regime in Tehran. Iran is a strategic challenge to the United States, and we have a comprehensive view of the threat that Iran poses. The regime is seeking to develop nuclear weapons. It is a leading state sponsor of terrorism. It is working to destabilize its region and to advance its ideological ambitions. And the Iranian Government oppresses its own people, denying them basic liberties and human rights. Through its aggressive and confrontational behavior, Iran is increasingly isolating itself from the international community.

In recent months, U.S. diplomacy has broadened the international coalition to address Iran's nuclear ambitions, and Iran's case will soon be heard in the U.N. Security Council. Our goal now is to broaden this coalition even further, to intensify the international spotlight and encourage our many international partners to respond to the full spectrum of threats that the Iranian regime poses.

For our part, the United States wishes to reach out to the Iranian people and support their desire to realize their own freedom and to secure their own democratic and human rights. The Iranian people should know that the United States fully supports their aspirations for a freer, better future. Over the past 2 years, the Department of State has invested over $4 million in projects that empower Iranian citizens in their call for political and economic liberty, freedom of speech, and respect for human rights. We are funding programs that train labor activists and help protect them from government persecution. We are working with international NGOs to develop a support network for Iranian reformers, political dissidents, and human rights activists. We will devote at least $10 million to support these and other programs during this year (FY 2006), and we are eager to work more closely with Congress to help Iranian reformers build nationwide networks to support democratic change in their country.

MEETING GLOBAL CHALLENGES

Like terrorism and nuclear proliferation, many of the greatest challenges in today's world are global and transnational in nature. These threats breach even the most well-defended borders and affect all nations. Today's global threats require global partnerships, and America's diplomats are helping us transform our relationships with countries that have the capacity and the will to work on a global basis to achieve common purposes—countries like India, Japan, South Korea, Australia, El Salvador, and our allies in Europe.

One major global threat comes from disease, especially the scourge of HIV/AIDS. This pandemic affects key productive members of societies: 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. This program is the largest international initiative ever by one nation to combat a single disease. The Emergency Plan combines our strong bilateral programs with complementary multilateral efforts to fight AIDS and other debilitating infectious diseases through contributions to the Global Fund to Fight AIDS, Tuber-

culosis, and Malaria, of which America is by far the largest contributor since the program's inception.

The Emergency Plan is rooted in partnership. Our approach is to empower each nation to take ownership of its own fight against HIV/AIDS through prevention, treatment, and care. The results to date have been remarkable. In the past 2 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. And as of last year, the Emergency Plan has extended compassion and care to more than 1.2 million orphans and vulnerable children. The President's 2007 budget requests $4 billion, $740 million more than this year, to continue America's leadership in the global fight against HIV/AIDS.

The 2007 budget also includes $225 million to fight malaria, which is a major killer of children in sub-Saharan Africa. This request is part of the President's pledge to increase U.S. funding of malaria prevention and treatment by more than $1.2 billion over 5 years. The United States is committed to working with the international community to increase preventive and curative programs in 15 African countries with particularly high rates of infection by 2010. We seek to reduce malaria deaths by 50 percent in these countries after 3 years of full implementation.

The United States is also playing a key global role in preparing for the threat of a possible avian influenza pandemic—providing political leadership, technical expertise, and significant resources to this effort. In September 2005, President Bush announced the International Partnership on Avian and Pandemic Influenza. The partnership, which includes 89 countries and 9 international organizations, generates political momentum and coordinating action among all partners. At the January 2006 International Pledging Conference on Avian and Pandemic Influenza held in Beijing, the United States pledged $334 million in current budget authority to protect health in the United States and around the world. The most effective way to protect the American population from an influenza outbreak 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 narco-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.

Finally, as we transform our diplomacy to meet the increasingly global challenges of the 21st century, the United States remains committed to putting the power of our compassion into action wherever and whenever it is needed. In 2005, the United States led the world with our generous emergency responses to people suffering from unprecedented natural disasters—from the Indian Ocean tsunami, to the earthquake in Pakistan, to the mudslides in Central America. Our swift action has helped to provide relief, to prevent the spread of disease, and to begin restoring livelihoods and rebuilding these devastated regions. The United States remains the world's most generous provider of food and other emergency humanitarian assistance. Throughout the world, we are also helping refugees to return to their countries of origin. When that is not a viable option, the United States leads the international community in resettling refugees here in our Nation. The FY 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 anywhere in the world.

THREE GOALS OF U.S. FOREIGN ASSISTANCE

The United States will continue to build strong partnerships to meet the global challenges that increasingly define international security in the 21st century. But we recognize that many states cannot meet the basic responsibilities of sovereignty, including just and effective control over their own territory. In response, the United States must assist the world's most vulnerable populations through our transformational diplomacy—using our foreign assistance and working with our partners to build state capacity where little exists, help weak and poorly governed states to develop and reform, and empower those states that are embracing political and economic freedom. These are three main goals of our country assistance programs, with the ultimate purpose being "graduation" from foreign economic and governance assistance altogether. Vibrant private sectors in free, well-governed states are the surest form of sustainable development.

Building state capacity

We must do all we can to anticipate and prevent the emergence of failed states that lead to humanitarian crises, serious regional instability, and havens for terror and oppression that threaten our security. On September 11, we were attacked by terrorists who had plotted and trained in a failed state: Afghanistan. Since then, we have spent billions of dollars and sacrificed precious lives to eliminate the threat and liberate the brutally repressed people of Afghanistan. We must use all the tools and resources available not only to prevent future failed states, but to help nations emerging from conflict and war to become responsible, democratic states.

The Office of the Coordinator for Reconstruction and Stabilization was established to address complex and challenging situations around the globe. Partnering with the international community, we will help countries in crisis achieve a path to lasting peace, good governance, and economic development. Working in conjunction with our lead regional bureaus, our Reconstruction and Stabilization Office is already beginning to advance this mission in the field. It deployed a team to Sudan to assess the effectiveness of our assistance programs in implementing the Comprehensive Peace Agreement, in negotiating a political settlement in Darfur, in delivering humanitarian assistance, and in establishing security. As a result of these assessments and planning efforts, U.S. resources have been allocated more effectively to help people in need in Sudan. Our office has also helped the Haitian people take a decisive step toward a better future, pinpointing problems with voter registration and the electoral council in time for them to be remedied before last week's historic elections.

The 2007 budget proposes to strengthen this Office's ability to lead U.S. planning efforts for countries and regions of most concern, and to coordinate the deployment of U.S. resources when needed. The budget proposes $75 million, including a Conflict Response Fund to build our civilian response capabilities, to prevent failing states, and to respond quickly and effectively to states emerging from conflict around the world. With an early and effective civilian response, we can reduce the need for a more robust and costly military commitment by more quickly shifting responsibility for key functions to civilian actors.

Our efforts to build state capacity continue in Sudan. The need for security is of the utmost importance to this effort, and the Comprehensive Peace Accord (CPA) points the way forward. The CPA, which ended 22 years of North-South civil war in Sudan, is the framework for resolution of conflict throughout Sudan. The CPA created a Government of National Unity that shares power and wealth, and establishes elections at every level by 2009.

Implementing the CPA is essential to ending the genocide in Darfur. The United States is appalled by the ongoing atrocities that have persisted in Darfur, and we continue to lead the ongoing international effort to aid the region's displaced people, assisting over 1.8 million internally displaced persons and over 200,000 Sudanese refugees in Chad. I ask for your full support of the President's upcoming supplemental request, which will include support for the African Union and for transition to a U.N. peacekeeping mission to bring peace to this war-torn area. We are requesting $1.1 billion in the FY 2007 budget to transition to peace in Sudan, meet humanitarian needs, lay the foundations for economic development, and strengthen sustainable democratic institutions.

We are also continuing to partner with the people of Haiti to advance the cause of freedom and build lasting foundations of a democratic state. Just last week, the people of Haiti held fair and free elections. We now look forward to working with the citizens of Haiti, their newly elected government, and the international community to help Haiti chart a positive path of freedom and prosperity by strengthening good governance, improving security and the rule of law, fostering economic recovery, and addressing critical humanitarian needs.

As is evident by the hard work and sacrifice of the U.N. peacekeepers in Haiti, international peacekeeping missions carried out by the United Nations and partner organizations are essential to creating the secure conditions conducive for democratic elections and basic state capacity. The $1.3 billion request for these efforts worldwide is also crucial to facilitating the delivery of humanitarian relief and providing a stable political and economic environment that fosters democratic institutions and development. To continue to provide well-trained, effective peacekeepers that understand and respect human rights, I am requesting over $100 million for the third year of the Global Peace Operations Initiative to train and equip 75,000 troops by 2010. Current missions and capacity-building efforts increase our security at home and provide relief to the heroic troops in our own Armed Forces.

Helping developing states and the most vulnerable populations

Where the basic foundations of security, governance, and economic institutions exist, the United States is advancing bold development goals. Under President Bush, the United States has embarked on the most ambitious development agenda since the Marshall Plan, including a new debt relief initiative, the doubling of Official Development Assistance since taking office, and funding for the international financial institutions that is linked to performance. Development is an integral pillar of our foreign policy. In 2002, for the first time, the President's National Security Strategy 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.

U.S. 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, while at the same time responding to humanitarian disasters. Such investments are crucial to improving the lives of people around the world and enhancing our own national security. At the same time, we must invest in reform in countries so that these efforts will not go to waste, but provide both the necessary tools and the right incentives for host governments to secure the conditions necessary for their citizens to achieve their full potential.

Relieving the burden of heavily indebted countries is essential to ending a destabilizing lend-and-forgive approach to development assistance for poorer countries and allowing these countries to progress on the road to prosperity. 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. U.S. 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 fully supports the U.S. share of the multilateral debt forgiveness provided by the G–8 proposal.

The United States and our G–8 partners went much further than relieving debt. I ask you to go much further as well and support our Government's commitment for the most ambitious package for Africa ever supported by the G–8. This package will fight malaria, HIV/AIDS, and corruption and help create an environment where democracy and economic opportunity can flourish. Specifically, the 2007 budget supports the President's commitment to double our assistance to Africa between 2004 and 2010. In addition, the request supports the U.S. Government's commitment to help African countries to build trade capacity; to educate their citizens through the 4-year, $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 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 Development Assistance and Child Survival and Health funds. By investing in the citizens of developing countries, we are investing in the future of the American people.

Empowering transformational states

The final goal of our country assistance programs is to empower those states that are governing justly and to help them address key constraints to their economic growth and poverty reduction. 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 how to reduce international poverty. Developed nations agreed to dramatically increase their amount of assistance to developing countries, and developing countries committed to making progress toward good governance, economic freedom, and an investment in the health and education of their people. In response to this Monterrey Consensus, our administration and the Congress created the revolutionary Millennium Challenge Account, which targets billions of dollars in 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 for their own sustainable development and poverty reduction.

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 we have 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 of their own. We are seeking $3 billion of new funding in the FY 2007 budget, with the goal of approving up to 10 new compacts.

As important as our foreign assistance is, free trade is ultimately the key to every country's sustained development and economic growth. As the President stressed in the State of the Union, promotion of free trade is essential to enhancing the prosperity of the American people and to supporting developing countries in their effort to participate fully in the global economy. The Bush administration has signed or negotiated free trade agreements with Chile, Singapore, Jordan, Bahrain, Oman, Morocco, Australia, five Central American countries plus the Dominican Republic, and most recently, Peru. Fostering free trade is a vital part of our development policy. In the past 5 years, the United States has more than doubled our investment in helping developing countries to trade freely and competitively in the global economy. We pledged at the recent WTO ministerial in Hong Kong to increase this assistance to $2.7 billion by 2010, and our FY 2007 request for trade-related development assistance will be an important step toward that ambitious and hopeful goal.

Mr. Chairman, America's purpose in this young century is to marry our democratic principles with our dramatic power to build a more hopeful world. Our purposes are idealistic, that is true; but our policies are realistic, and we are succeeding. President Bush and I have called upon the men and women of the State Department to practice transformational diplomacy, and they are rising to this challenge with enthusiasm and courage. They are helping our many partners around the world to build a future of freedom, democracy, and hope for themselves and their families.

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 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 dialog with Congress about how we can work together to improve America's foreign assistance further, enabling us to respond more quickly and more effectively to the world's development challenges. By making America's foreign assistance more efficient and more effective, we will help people around the world to improve their lives, we will strengthen the hope that comes with freedom, and we will advance our national security.

The CHAIRMAN. Thank you very much, Secretary Rice.

I'll begin the questioning period. And, as I mentioned, we'll have a 5-minute period. And I'll offer at least one pattern that people might want to employ. I'm going to ask three questions, and stop, and let you respond in that period of time.

The first deals with Iran and the possibilities that the Iranians will not be cooperative. There has to be at least some credibility that we and the international community could effect sanctions or some action beyond the diplomacy in which we are now involved. So, I want to ask you, Is there currently vigorous discussion with potential partners in this situation—namely, China and Russia and India, whose cooperation would be essential—at various levels of sanctions, particular types of sanctions that might be effective, that are least injurious to the world as a whole, but perhaps effective with regard to leadership of Iran?

Second, we had hearings last week on reconstruction in Iraq. It was apparent to all Senators that income for Iraq, as well as technical assistance, will be needed for several years. And it is not clear how that is to be paid for. So, I would like for you to give some idea as to an intermediate program of financing for reconstruction and maybe a request for some estimate as to what other countries in the world might be willing to contribute—a quarter, a half—or

how, in the postwar situation, with reconstruction and the building of a viable democracy, others may participate.

Finally, in my opening statement I went into a long history of unfortunate cuts year by year throughout the 1990s in foreign assistance and support for the State Department and for diplomacy. The Bush administration has asked for more money. Last year, the Congress responded by cutting $2 billion. That was about the same as the response of the year before. So, I'm asking, I suppose, for how we can effect a strategy to try to bring about a better result, because the requests that you are now making are important. The public needs to know that, very frequently, at the end of the day, after several weeks and months of conferences, they do not occur. And we must be more successful.

Could you respond to these issues?

Secretary RICE. Thank you very much, Chairman Lugar.

First of all, on Iran, I do think we've made a lot of progress in getting an international consensus. And it was a major breakthrough to have Russia and China agree that this belonged in the Security Council. And now that it is in the Security Council, and we have the weight of the Security Council, including the possibility of chapter 7 action, which could then give greater confidence and greater strength to IAEA efforts. I think we have a menu now of options that were not there when we were just in the IAEA Board of Governors.

We are, indeed, in constant discussion with our colleagues about the course ahead. It will not surprise you that there are differences about when and where and how to employ sanctions, should they be needed. The first course, I think, will be to try to get to the Security Council and remind the Iranians that they are completely isolated. Their activities that were announced today—there are news stories today about enrichment and reprocessing having begun—they have now crossed a point where they are in open defiance of the international community. Under Secretary Burns will be in Europe next week for a meeting of the G–8. He will have discussions with his counterparts. Under Secretary Joseph has had discussions with his. And I, also, with mine.

I think we want to keep our options a bit open on what specific measures we have to take, but let me be very clear, the international community is going to have to act, and act decisively, if Iran is to know that there is a consequence for their open defiance of the international community. And so, we are working on precisely that.

In the first instance, we want to look at the effect on the international community, as a whole, of any actions that we take—economies and the like. But we also want to try and not hurt the Iranian people. And so, I think you will see us trying to walk a fine line in what actions we take.

As to reconstruction, I think we've made progress on reconstruction, although I will say that the job was much bigger than any of us imagined, with the deteriorated state of the Iraqi infrastructure. I think none of us knew, for instance, that when we saw Baghdad lit up as a city, that, in fact, the country probably only had 50 percent of the generating power that it needed, but it was being mostly given to Baghdad; the rest of the country was in darkness,

so to speak. We've evened that out. That has given greater demand—there is greater demand from consumers for this.

But, in specific answer to your question, we have made a lot of investments in the infrastructure. We think that many of them have taken hold, but we've been downscaling the kinds of infrastructure projects that we have. Reconstruction with a small "r," rather than with a large "R," is the way that I've been describing it. More in the provinces.

And one way that we intend to support the new Iraqi Government is to have these provincial teams that can marry political and military and reconstruction expertise on a more local level. On a more national level, we have an extensive Ministry Assistance Team Program. We have requested funding—some in base funding and some will come in supplemental funding—for what we would hope would be about a 2-year program to really help stabilize these important functions.

But I am very actively, now, working to get support from Iraq's neighbors and also from other countries. I might note that Germany made its first contribution to the Iraqi Reconstruction Fund. It was a small contribution, but it was a breakthrough for Germany, and I hope we will get more support.

Finally, on foreign assistance. Senator, I think we're just going to have to get out there and make the argument. America wants to be compassionate, I think. And part of this is compassion—what we do in HIV/AIDS, what we do in malaria prevention. But we also have to make the case to the American people that this is also about our own security and our own safety. We know what happened when Iraq—or when Afghanistan became a failed state, and we paid for that, and paid for that dearly, with terrorist attack after terrorist attack, culminating in the fall of the Twin Towers and the Pentagon on September 11. And so, I now have begun to talk about this as national security spending, because unless states are capable of governing themselves, governing their borders, fighting terrorism, dealing with the challenges of proliferation and terror, we will not be safer. And so, I've begun to talk about it in that way, and perhaps that will resonate with the American people.

The CHAIRMAN. Thank you very much, Secretary Rice.

Senator Biden.

Senator BIDEN. Mr. Chairman, I would ask permission that I be able to submit some questions to the Secretary——

The CHAIRMAN. Yes.

Senator BIDEN [continuing]. Because the time is short.

The CHAIRMAN. That will be true for each Senator, and we'll send those questions over for the record.

Senator BIDEN. I thank you.

Senator BIDEN. I am confused a little bit by the administration's policy on elections. And they think they have turned out well. I think it's been a near disaster. I have a series of questions relating to that.

I'd like to start with Iran. Iran has watched North Korea cross the same boundaries. You and the President and others have said, "We cannot accept another partial solution that does not deal with the entirety of the problem in Korea." And yet, we were told, last year, by the Director of Defense Intelligence Agency that North

Korea can now arm a missile with a nuclear warhead. And so, when you talk about Iran, my question is this. Has there been—and you would not be able to discuss it, I suspect, openly—but has there been an analysis done as to what impact an oil embargo would have on Iran? Not just what impact it would have on us and other nations, but Iran is a net importer of refined oil products, and, according to what I have read, it would have a dramatic, dramatic negative impact. And, already, Ahmadinejad is preparing his people for the need for sacrifice. So, my question is, Has such analysis been done?

Secretary RICE. Yes. We have been looking at analyses of the full range of potential sanctions.

Senator BIDEN. The President said, "We're sanctioned out with regard to Iran." I think that was his quote. Are there any sanctions of consequence on the table other than energy and the oil sector?

Secretary RICE. Well, Senator, we are—we have heavily sanctioned Iran, obviously, after 1979, but the—there are still some measures that we might even be able to take on our own, and we're looking at those. Obviously, anything that we can do multilaterally will be much more effective. And I think, now, with the Security Council resolution—or Security Council venue for Iran, we will be able to begin those discussions.

As I said to Senator Lugar, it is not easy. There is not—there is not common view on when or how sanctions ought to be taken. But the Iranian regime is giving the world a very good set of reasons to take serious measures. And the more that they do, and the more that they isolate themselves, I think, the more you will see a willingness on the international community.

If I could just say, on North Korea, I think there's one very important difference. For a variety of reasons, North Korea is an extremely isolated state that seems to revel in its isolation. And the Iranians have not been. They've been isolated from us, for a variety of reasons, but this is a state that trades with the world, that has the diplomatic relations with the world, that has a population that is sophisticated, that travels. I don't believe that the Iranians want to endure the kind of isolation that has been attendant to the North Korea policy.

Senator BIDEN. In your absence, I complimented you and the President on your bringing the world together with regard to Iran.

Now, you indicated that you want to work through some of the bureaucratic hurdles of the executive order that existed before you came to power, and since you've been in power, with regard to helping democratic movements inside Iran. You and I talked at some length about that a few years ago, when there was a democratic movement that was alive, and when Khatami was talking about wanting to have exchanges, everything from students on. Assuming there was such a metamorphosis again, is that something we would find in our interest to do?

Secretary RICE. Well, I think we find it in our interest now to try and remove these bureaucratic hurdles and to see if we can't engage the Iranian population. And, in some ways, you could argue that they need it even more now, because they are being isolated by their own regime. The regime risks—the regime's policies risk the total isolation of Iran, and the Iranian people shouldn't have

to suffer for that. And so, when I speak of these differences, you know, we learned, a little while ago, that we were unable, for instance, to publish the works of Iranian human rights activists in the United States because of some of our licensing requirements. And so, we want to look at some of those issues.

Senator BIDEN. If there is any help you need from this committee on doing away with some of the, in my view, ridiculous impediments for trying to start, at least, the exchange of ideas—I would hope you would ask us.

My last question relates to Darfur. I've been meeting with NATO officials, including the Supreme Allied Commander of NATO and his counterparts. There is a feeling within NATO, at least expressed to me, that if a country took a lead—i.e., the United States—in moving to insert a small NATO force within existing forces—we're training them now—that we could have a profound impact. Is there any intention on the part of the administration to try to have a bridge to the United Nations taking over this process that would involve NATO being more engaged, with actually having some small number of boots on the ground inserted within existing African Union forces now?

Secretary RICE. Well, Senator, the United States was the country that first raised this in NATO. I remember raising it in NATO and asking for NATO participation in Darfur. We now have lent a planning element, as well as some lift, to the African Union forces that are there.

We want to continue to do this within the context of the African Union. It is extremely important, for a variety of reasons, to have their support and to have the African Union have the lead ownership—I'm sure you understand why—in this mission.

We are prepared to talk with our NATO counterparts about what more we can do to support the AMIS force. It's our view, at this point, that shoring up the AMIS forces until we can get the U.N. forces is a better option than trying to build three different forces—the AMIS forces, a bridge force, and then the U.N. force. You probably know we are president of the Security Council this month in the United Nations, and we are trying to use that presidency to get the resolution to really get going on the peacekeeping forces.

Senator BIDEN. I'm not suggesting we build a third force. In meeting with AU officials, I have been told that they would welcome the placement of NATO forces within AU forces, not unlike we're doing with Iraqi forces. And that's what I'm talking about. I will lay out some questions in writing for you.

Secretary RICE. Absolutely. And let me just say, we will work with NATO to try to enhance the capability of the AMIS force until a U.N. force can get on the ground.

Senator BIDEN. I think we have to lead that.

Secretary RICE. Yes.

The CHAIRMAN. Thank you very much, Senator Biden.

Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you. Welcome, Secretary Rice.

First, Mr. Chairman, I will like—and would submit additional questions, because of our time restrictions. I would appreciate having the opportunity to do that.

Secretary Rice, I want to compliment you, your team. I think during your first year at State Department you have done what you had told a number of us when you were here before this committee a year ago, and that is to reach out to the international community, use the State Department career foreign policy diplomatic experts in a way that enhances our country and our foreign policy. I think you've done the kinds of things—at least in this Senator's opinion, it is critically important if we, in fact, are to deal with these great challenges that face the world—not just the United States; these are international challenges that will require international responses—and to build back those relationships, and to build back those institutions and strengthen the United Nations and strengthen the IAEA and other organizations that we are very much part of, I think, is absolutely critical.

With that, I want to go to two general areas, back to the—to Iran and to Hamas, and the Palestinian issue. You and I have had conversations in the past, as well as other members of this committee, and—about the regionalization of this issue of Iran or Iraq. We now find a new development in the Palestinian territories with a new government being formed. Iran is in the middle of all of this, as we know; and that further complicates your efforts. And it, I think, gives us, also, some opportunities, as well, because it gives us opportunities to reach out and—your specific points here about the budget request that will include focusing on young Iranians, next generation, in the Middle East, which is absolutely, probably, is critical to our future security, as any one thing.

There was a story in the front page of the Wall Street Journal yesterday which you may have seen, a big, blaring headline, "Iran Plays Growing Role in Iraq, Complicating Bush's Strategy." And if you didn't read it, let me just take one piece of this and then get to a question.

Talks about, "Iran's influence is most apparent in Iraqi politics where a Shi'ite-dominated coalition has just nominated a Prime Minister with very close ties to Iran, but it also emerges in many areas of Iraq—Iraqi life that get less notice. Iranian businessmen, for example, are some of the largest investors in restoring Iraq's shattered infrastructure; nonprofit groups from Iran providing basic health services that crumbled in the chaos following the U.S.-led invasion; Iraq's Shi'ite media are getting training from experts across the border in Iran." And it goes into considerably more detail.

My question is this. As you reach out, and as you formulate policy and present that policy in the form of a budget and other explanations, I'd like to have you try to capsulate all of this, because Iran is the most powerful country in the Middle East. It is the most difficult. It, from their perspective, is sitting there with the United States military forces on both its east and west border. Israel has nuclear capability. Pakistan and India have nuclear capability. And as this is all thread together in the fabric of what we're trying to do to sort this out, if you could talk a little bit about how we're dealing with all of this—I hope we are now past the Chalabi days of relying on that crowd, or that kind of policy or direction. I note a significant difference, too, in the IAEA, versus where we were going into Iraq, when we essentially dismissed the IAEA and their

inspectors, that they didn't know, when they were an apologist group for the Iraqis. I hope those days are over. It appears they are; that we're working closely with IAEA.

And then I'm going to top it off with this question. This is an open hearing. I recognize that. And we'll probably have to take this up in a closed hearing, or at least in closed conversation, about any efforts to try and deal with the Iranians in an off-channel way. I am aware that an initiative was made in 2003 to the Iranians by this Government. And tell us what you can about that; not necessarily the 2003, but any initiative for the United States to be engaging the Iranians in some way—not negotiating, not diplomatic recognition. But I don't see, Madam Secretary, how things are getting better. I think things are getting worse. I think they're getting worse in Iraq. I think they're getting worse in Iran. I hope the Hamas development will start to develop in a different direction. But we are now at a point where sanctions, for example—Senator Biden asked the question—consequences. Have we thought through consequences of sanctions? What are we doing about sanctions? Have we thought through why that would even be a feasible option?

Now, I've thrown a lot at you, but you like it that way, because you can pick and choose and not answer some of the things. [Laughter.]

But I would appreciate getting a broader sense of this, because I do think it's all connected.

Secretary RICE. Thank you, Senator.

I do think your analysis that this is all connected is exactly right. Iran is, through its policies in the Middle East, probably our biggest strategic challenge as a single country, because Iran is pursuing policies in the Middle East that are 180 degrees counter to the kind of Middle East that we would build. You have to look only at their support for Hezbollah in Syria and Lebanon, their, sort of, sidekick with Syria with that relationship, even though Syria is under deep suspicion in the international community. That relationship has grown. Certainly, we have wanted the Iranians to have good relations with the Iraqis, their neighbors, but in a transparent way. And I think their relationships are not always transparent, because of Iranian activities, particularly in the south.

So, you are right, there are major challenges there, but I think that we have to look at this in several bites. The first is, when we talk about Iraq and Iranian influence in Iraq, we need to recognize that, while there is Iranian influence in Iraq, there are also influences that are counter to that Iranian influence. And with the selection of Mr. Jaafari by the United Iraqi Alliance, the Shi'a group, they still have to go now through a process of government formation, and, indeed, even confirmation of the Prime Minister, with a block—or with people that are Sunni and Kurd and other movements, like the Allawi movement that won, also, large parts of the vote. And so, there is going to have to be, now, old-fashioned politics to come to some conclusion. So, I would not overstate Iranian influence by recognizing that it is diluted by a number of other forces and factors that are deeply suspicious of Iranian influence and of Iranian power.

I would also note that in the region, if you look around the region, in the gulf countries and in other places, there is also suspicion of Iranian activities and Iranian behavior. And part of our goal has to be to have, with others who are concerned about Iranian behavior, a kind of common dialog and discussion about how to counter that Iranian behavior. And I'm going to go out to the gulf next week. I expect to have some of those conversations. Because no one wants to see a Middle East that is dominated by an Iranian hegemon, particularly one that has acquired nuclear weapons technology. And, in fact, the face of Iran now, President Ahmadinejad, has crystalized the concern of the international community about Iran, because he speaks in blunter ways about Iranian ambitions than did prior Iranian Governments.

So, I think we have a number of levers. Leaving aside whatever we might do in the Security Council, in terms of consequences for Iran's behavior, we need to think of this as a strategic approach to many who are concerned about Iranian influence and growing Iranian influence.

Finally, let me just note that, in the long term, I think that the Iranian geostrategic position doesn't look all that good. If you look at, now, a democratic Afghanistan that is, indeed, a good friend of the United States, a democratizing Iraq that is—I think will be a good friend of the United States, Iran finds itself in a different geostrategic situation than it found itself just several years ago. It will try to influence those events, it will try to influence those governments. But it's going to have, I think, a hard time, in democratic processes, being a dominant force.

As to your question about contacts, the only contacts that have been authorized with the Iranians for this government are for our Ambassador in Afghanistan to have contacts with his counterpart. We think it's useful on counternarcotics. We think it's useful on issues of terrorism in Afghanistan. And so, Ron Newman is empowered to do that. Similarly, Zal—by the way Zal Khalilzad did that when he was in Afghanistan. We do it with the United Nations. Zal has similar guidance in Iraq. He can, as he sees fit—with guidance from here, he can encounter and talk to his counterpart. So, that is the way that we're dealing with those near-term places where we bump up against one another. I think any broader talks, I don't really see the point, because Iran's policies are so belligerent and so counter to our own that it's difficult to see what that conversation would be about. But in terms of Iraq and Afghanistan, we do have channels that we can use.

Senator HAGEL. Thank you very much.

The CHAIRMAN. Thank you very much, Senator Hagel.

Senator Boxer.

Senator BOXER. Thank you, Mr. Chairman.

Madam Secretary, the President said, during his State of the Union Address, that we are winning in Iraq and he is confident in his plan for victory. Unfortunately, the American people don't share this confidence. A recent NBC/Wall Street Journal poll conducted January 26 through 29, 2006, shows that a majority of Americans—52 percent—believe the President has failed to give good reasons why the United States must keep troops in Iraq. Similarly, 53 percent of Americans are less confident that Iraq will

come to a successful conclusion. They don't share his confidence, because they see what is happening on the ground. They see brave men, like ABC's Bob Woodruff and his cameraman, seriously injured while trying to report on, "the good news coming out of Iraq." They see Jill Carroll, of the Christian Science Monitor, a young woman who went to Iraq to tell the story of the Iraqi people, kidnaped and begging for her life, and we pray for her safe return. And, of course, the death and the injuries keep climbing, up to 19,000 Americans either dead or wounded.

This administration's rosy scenarios, like the VP's statement that the insurgency was in the last throes, your statement in 2005 that the insurgency has been dealt several blows, just don't match realities on the ground.

The number of attacks against coalition troops, Iraqi security forces, and civilians increased by 29 percent last year. Let me give you specifics. Insurgents launched 34,000-plus attacks in 2005, an increase of 8,000 from 2004. Last year, the number of car bombs more than doubled, from 420 to 873. The number of suicide car bombs went from 133 to 411. Sixty-seven attackers wore suicide vests last year, up from seven in 2004. Roadside bombs increased from 5,000-plus to 10,000-plus.

Last week, a chart appeared in the New York Times depicting the extent of casualties just in one month. And I just want you to see this, because sometimes we don't recognize what's going on there. More than 800 people were killed as a result of the insurgency.

And what do the Iraqi people think of all this? Sixty-four percent of Iraqis believe that crime and violent attacks will decrease when the United States redeploys out of Iraq. Perhaps more important, 73 percent of Iraqis believe there will be greater cooperation among Iraq's political factions when the United States redeploys.

So, I say to you, if we're in Iraq to help the Iraqi people, then we ought to start listening to the Iraqi people and start a redeployment.

Now, success in Iraq also depends greatly on the ability of our forces to better secure Iraq's oil infrastructure. Paul Wolfowitz told Congress, in 2003, "We're dealing with a country that can finance its own reconstruction with oil, and relatively soon." That was another rosy scenario. The reality is, Iraq's oil production has dropped from prewar levels. And I want to show you a headline from the New York Times a little more than a week ago, "Oil Graft Fuels the Insurgency." The Iraqi Finance Minister has estimated that insurgents receive 40 to 50 percent of all oil smuggling profits in the country. So, not only is the oil not financing the reconstruction, it is financing the insurgency that is killing American troops.

Our main reason for going to Iraq was to get rid of the WMD, or, as you said, "not to wait for the smoking gun to become the mushroom cloud." That was a farce. And the truth is coming out. The CIA intelligence officer in charge of the Middle East intelligence from 2000 to 2005 wrote, "Intelligence was misused publicly to justify decisions already made."

Our standing in the world is low. According to the Pew Research Center—and the American people know it—two-thirds of Americans say there's less international respect for the United States

than in the past. And when asked why, a strong majority, 7 in 10 Americans, cite, "the war in Iraq." The war in Iraq is bringing our standing down in the world. The American people are smart.

Now, you have cited elections in the Middle East as a sign that, "the neighborhood is changing." But is the neighborhood changing for the better? It doesn't appear so. You've admitted to being blindsided by the Hamas victory, saying, "I've asked why nobody saw it coming. It does say something about us not having a good pulse." And I do appreciate your candor there. But this has become a pattern. This administration was shocked by Hamas, shocked by the election of the Iranian leader, shocked that Iraqis voted for conservative religious parties with ties to Iran instead of secular candidates like Ahmed Chalabi, whose party got not one single vote in the Iraqi Parliament. I remember when he sat behind the First Lady in 2004 at the State of the Union Address. This administration seems to have a tin ear when it comes to the Middle East, and that tin ear is making us less safe.

Secretary Rice, do you really believe that elections in the Middle East, where these kind of terrorists and extremists groups are being chosen—and I know Senator Biden went into who they are—do you think that's working to the benefit of the United States? And, in a broader sense, not just in the Middle East, but also in places like Bolivia and Venezuela, do you agree that nations throughout the world are electing more negative candidates who run against America?

Secretary RICE. Well, Senator, if the option is not to hold elections, I think that would be a terrible——

Senator BOXER. That wasn't my question.

Secretary RICE. Well, no, you asked, so let me answer. I think if the option is not to hold elections and not to give people their say, then that's an untenable position for the United States.

Senator BOXER. That wasn't my question.

Secretary RICE. Senator, I would like to answer your question.

Senator BOXER. Good.

Secretary RICE. Now, the Middle East. The question assumes that there was somehow stability in the Middle East that we have somehow disturbed, that the false stability of dictators like Saddam Hussein, who put 300,000 people in mass graves, who twice attacked his neighbors, who used weapons of mass destruction, both against his neighbors and against his own population, that that false stability was preferable to the admittedly difficult course that the Iraqi people are now set on to try to learn to deal with their differences by compromise and politics rather than by repression. It assumes that it was preferable for the Palestinian people to live under the regime of Yasser Arafat, which was a regime of extraordinary corruption, and, indeed, incapable of governing the Palestinian territories in a way that spoke to the aspirations of the Palestinian people. It assumes that it was better for Syrian occupation of Lebanon to continue for more than 30 years, Syrian occupation that was——

Senator BOXER. Madam Secretary, could I——

Secretary RICE [continuing]. May I complete my answer?

Senator BOXER [continuing]. Just interrupt——

Secretary RICE. May I just complete my answer?

Senator BOXER [continuing]. In a very positive way for you?

Secretary RICE. May I just complete my answer?

Senator BOXER. Well, no, because you are not answering the question.

Secretary RICE. No, Senator. You asked me if I thought that the world was better now, and I'm telling you that I think it is.

Senator BOXER. Well, I asked you exactly this. Are these elections that have been held, and the people that have been elected, including the leader of Iran—what is happening in Israel in the Palestinian side—I am asking you—Venezuela, Bolivia—they seem——

Secretary RICE. And, Senator——

Senator BOXER [continuing]. To elect——

Secretary RICE [continuing]. I'm answering the question.

Senator BOXER [continuing]. Anti-American candidates, is that working to the benefit of America?

Secretary RICE. Senator——

Senator BOXER. I'm not asking you the——

Secretary RICE [continuing]. Senator——

Senator BOXER [continuing]. Benefit of anybody else.

Secretary RICE. Senator, I have to answer in the following way. Your question assumes that, had we not had elections, for instance, in Lebanon, where, indeed, Hezbollah won some seats, that the Lebanese people would be——

Senator BOXER. That wasn't——

Secretary RICE [continuing]. Better off.

Senator BOXER [continuing]. My question.

Secretary RICE. Or multicandidate elections in Egypt. Yes, I think that the elections have made the world, in a transitional state, a better place. And the United States is standing for its principles, which is that the people of the Middle East, the people of Latin America, ought to be able to choose their leaders.

Now, there are times when elections turn out in ways that we would prefer that they did not. Clearly, the election of Hamas is a difficult moment in the prospects for peace between the Palestinians and the Israelis. But the Palestinian people got a chance to go to the polls and express their desire for change. They have done so. And now the international community will hold Hamas responsible for the policies that it undertakes. And I believe, as the Quartet does, that Hamas will have one choice, which is to make a choice to recognize the right of Israel to exist, to renounce violence, and to engage in a process that will lead to a two-state solution.

In sum, Senator, when you have dealt with a Middle East that for 60 years had a freedom deficit, for 60 years where the United States turned a blind eye to the authoritarianism that was there, it is not surprising that perhaps the best-organized parties were extremist parties. But that isn't a reason to despair that elections have happened in the Middle East. It's not a reason to despair that the people of the Middle East have had an opportunity to express themselves. It is a call to work harder for the development of civil society, to work harder for the development of political parties that can occupy the middle. But I would not change a policy that affirms America's belief that people ought to have a right to choose.

Senator BOXER. Mr. Chairman, I just must say one—wrap this up this way.

I asked you, Do you agree that nations throughout the world are electing more negative candidates who run against America? OK, your answer is, "Elections are great, and anyone who thinks that the world isn't better somehow doesn't want elections." I just want to say, because you attributed, in an oblique way to me, the fact that I thought the status quo was wonderful, is incorrect. You never answered this. And as we sit here today, American businesses are being burned down. Burned down. The Pew has just done a poll indicating that our standing in the world has never been lower. If you think this is good for America, that is fine. But I would say we need to do better. We need to get our message across. We need to have the people in these countries feeling good toward America and electing candidates that feel good about America, not candidates that stand up and say, "Death to America," and "America is the Satan." And then we say, "Oh, this is better"?

So, I think there is a disconnect here, Mr. Chairman. And I hope that we will, in fact, change some of our policies so that we don't see that these elections keep electing people whose—who run on these anti-American platforms. It doesn't make us safer. And I'm concerned about our people.

Secretary RICE. Well, Senator, it assumes that the Middle East was safer when ideologies of hatred produced people that flew airplanes into our buildings on 9/11. The fact is that what we are reaping now is policies—the implications and outcomes of policies that for 60 years denied freedom in the Middle East. And we're just now on a path beginning to acknowledge and affirm the right of the people of the Middle East to have freedom.

Yes, there are going to be some outcomes that are not perfect, from the American point of view. But I don't think that our policy can be, "You can only have elections if you plan to elect American—or candidates that are friendly to America."

Senator BOXER. No one's suggested that, either.

The CHAIRMAN. Thank you very much, Senator Boxer.

With the cooperation of the committee, I would note that a quorum is present, and the committee will take a short recess to hold a business meeting.

[Recess.]

The CHAIRMAN. I thank the Secretary for this recess. We will now resume the hearing, and I will call upon Senator Chafee.

Senator CHAFEE. Thank you, Chairman Lugar. And welcome, Secretary Rice.

Following up on some of the conversations just taking place, if—one of the ramifications of these elections and democracies is that we don't talk to the winners; and that, I see as a problem, if we are not happy with the result. So, now we have—we're not talking to the Iranians, we're not going to talk to Hamas, we're not talking with the Venezuelans, we won't talk with the Bolivians. So, my question is, Do we support the delay of elections in Egypt? And if the Muslim Brotherhood were successful—if we do support those elections, and the Muslim Brotherhood are successful, will we not talk with Egypt?

Secretary RICE. Thank you, Senator.

Just let me note that we, of course, have a mission in Venezuela, and an Ambassador there who engages the Venezuelan Government very often and at many different levels. In terms of Bolivia, the Assistant Secretary for Western Hemisphere Affairs went to the inauguration of Mr. Evo Morales. And so I would just note that we do talk to these people.

Where it comes to Iran, I would not put the Iranian election in the same category with elections that have been held in other places, because, of course, the Guardian Council decided who could run in that election, and then they held elections. I think calling that an election stretches the term in the way that we think about it.

As to Egypt, no, we are disappointed that the elections have been postponed in Egypt. The Egyptians have said that this is because the municipalities were not ready to carry out elections, that the lists were not prepared, and so forth. But we are going to continue to press for the forward march of democratic values and democracy in Egypt. The multicandidate Presidential elections and parliamentary elections that were carried out, while not perfect, did change the composition of the Egyptian Government, the parliamentary elections, in a substantial way. It has been our policy—because the Muslim Brotherhood, as a party, is not legal in Egypt—to respect the laws of Egypt. I do think that, as elections go forward in these countries, that we are reaching out, within legal constraints, to the broadest possible range of candidates.

Now, Hamas is in a different category. And I know you didn't ask about Hamas, specifically, but let me just mention, Hamas is a terrorist group. We have listed it as a terrorist group. We don't have discussions with terrorists. It is our hope that Hamas will take the signals from the international community that it is not acceptable to say that you want a peaceful life and then refuse to recognize the partner; and that is Israel. But we will not have contacts with Hamas, because we list it as a terrorist group. But there are any number of countries where we find the government with policies with which we do not particularly agree, with which we have contact, and intend to continue to.

Senator CHAFEE. OK. We can argue about our level of our contact with these countries, whether it's Venezuela or Bolivians, but there's no doubt we're not talking to the Iranians, no doubt we're not talking with Hamas. And now my next question is, Considering our deep involvement in the Arab world, where does peace between the Israelis and Palestinians rank in our—in your national foreign policy priorities? And just recently, regarding the elections of Hamas, Dennis Ross, who was our lead negotiator for 12 years in the Middle East, under both Republican and Democratic administrations, said, "We had so many opportunities to stop this." And former President Bush, George H.W. Bush, envoy John Wolf concurred in this sentiment. So, why didn't we take advantage of these opportunities?

Secretary RICE. Well, I don't know anybody who worked harder to try and work with the Palestinian Authority to help it reform——

Senator CHAFEE. First of all, where does it rank in our priorities?

Secretary RICE. It ranks extremely high, and certainly in the top very few things. I probably spend more time on this issue than almost any other. You know that I have been to the region several times. You know that I, personally, engaged to negotiate the Rafah movement and access agreement. And so——

Senator CHAFEE. But you'll argue—you won't argue that whatever has happened has been disastrous. We have a terrorist organization winning elections.

Secretary RICE [continuing]. I agree that this is a difficult moment for the peace process, but if Hamas will take the signals being given it by the international community as to what it will take to govern, it could, in fact, be a more positive development.

I would also note, Senator, that, in this same period of time, the Israelis are now completely out of Gaza, out of four settlements in the West Bank, and have begun to dismantle outposts. So, these are——

Senator CHAFEE. All very well and good, but Hamas has just won these elections. And Dennis Ross and John Wolf had said we missed opportunities. Do you disagree with that?

Secretary RICE. Actually, Senator, I don't think that the United States of America is responsible for the election of Hamas. No; I don't. I think the—what has happened in the Palestinian territories——

Senator CHAFEE. Dennis Ross and John Wolf are wrong.

Secretary RICE. Well, I don't know precisely what they said. I'm going to see Dennis tomorrow, so I can ask him precisely what he said. But my——

Senator CHAFEE. He'll probably say the summer of 2003, after the fall of Saddam—let me finish——

Secretary RICE. Yes.

Senator CHAFEE [continuing]. When Abu Mazen was elevated to Prime Minister, and there was a hudna, a cease-fire, for that whole summer, nothing was done. John Wolf was the envoy, and he said nothing was done to back up our commitments. And then, again, another opportunity, death of Yasser Arafat. Again, Abu Mazen elevated to Prime Minister—President.

Secretary RICE. Senator, I just——

Senator CHAFEE. And——

Secretary RICE [continuing]. I just——

Senator CHAFEE [continuing]. That's the whole summer—that whole year——

Secretary RICE [continuing]. Senator, I just——

Senator CHAFEE [continuing]. Of 2005——

Secretary RICE [continuing]. I just beg to disagree.

Senator CHAFEE. Nothing was done.

Secretary RICE. I just——

Senator CHAFEE. Nothing was done.

Secretary RICE [continuing]. I'm sorry——

Senator CHAFEE. Opportunities missed.

Secretary RICE. I'm sorry, Senator——

Senator CHAFEE. And now we have——

Secretary RICE [continuing]. I just disagree.

Senator CHAFEE [continuing]. A very, very disastrous situation of a terrorist organization winning elections.

Secretary RICE. Senator, I just——

Senator CHAFEE. That's what——

Secretary RICE [continuing]. Beg to differ.

Senator CHAFEE [continuing]. That's what Dennis Ross will say tomorrow——

Secretary RICE. Well——

Senator CHAFEE [continuing]. When you meet with him.

Secretary RICE. I will ask him. But I have to say that people have been trying to make peace in the Middle East for a long time, including Dennis—and, of course, couldn't do it. And one reason that it wasn't possible when——

Senator CHAFEE. It was never this bad.

Secretary RICE. Well, we did have the 4 years of the intifada, which was pretty bad. A lot of Israelis died, a lot of Palestinians died. And so, we do have, now, a period in which Israelis have withdrawn from the Gaza, and the Palestinians have the ability to govern the Gaza, if they can. We have a situation in which they're withdrawing from parts of the West Bank. We have an agreement on movement and access for the Palestinian people, so that they can access the international border that is Rafah. There has been some progress.

But as to the ability to deliver a two-state solution, Senator, people have been trying for a long time. And the one thing that has changed—and, I think, changed for the better—is that the Yasser Arafat regime, which was corrupt and which was self-serving and which did not have the aspirations of the Palestinian people at its core—is now gone. What we witnessed in the victory of Hamas is a backlash against its residual, Fatah, which was also corrupt.

And let me just say, Abu Mazen tried to do some good things. They reformed the Finance Ministry under Salam Fayyad. They did try to do some good things. The relations with Israel improved. They were able to deliver some goods for the people. But, ultimately, the Palestinian people voted for change, because the Fatah did not change quickly enough. That's the reason for Hamas's victory. And now, it is our hope that Hamas, having to govern, will understand what the international community has said to them.

Senator CHAFEE. And we should get ready for the Muslim Brotherhood in Egypt, also.

Secretary RICE. Well, Senator, again, I think that the option of not giving people a choice in who will govern them is just one that the United States of America can't stand for. We're dealing with 60 years of policies in the Middle East, not 5. We're dealing with policies in the Middle East that created a freedom deficit. We're dealing with policies in the Middle East that supported authoritarian governments that then closed off legitimate political space for political parties to develop. And it is, perhaps, too much to expect that you are going to have, after a change in that policy, those political parties develop overnight. I, nonetheless, would rather go through a transition in places like Lebanon and even the Palestinian territories, certainly Iraq, Afghanistan, and other places, than to rest my hope for security in the false stability of authoritarian governments and dictatorships that cut off any opportunity for the people of the Middle East to legitimately express their views and their choices.

Senator CHAFEE. Well, I agree with you, and I would wish that these elections would go toward more peaceful——

Secretary RICE. Yes.

Senator CHAFEE [continuing]. Advocating candidates. And that's our difference.

The CHAIRMAN. Thank you very much, Senator Chafee.

Senator Kerry.

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

I really didn't expect to say anything on this subject at all, but I just wanted to pick up very quickly on what Senator Chafee said.

Holding elections themselves, Madam Secretary, doesn't mean you have a democracy. An election does not mean democracy. And there was great intense desire on the part of Israel, as well as President Abbas, not to have that election at that period of time. And it was our insistence that the Palestinians proceed forward.

I happen to agree with the position that you can't deal with Hamas. I mean, I think that's absolutely correct. You can't sit down with people, negotiate water rights and moving across the borders and all the other things, and people are blowing you up at the same time. So, I agree with that. But there really is a serious question here about the overall approach.

I met with President Abbas the day he was elected—January, a year ago—and he looked at me, and he said, "Senator, I know what the expectations are, but I don't have the capacity, I don't have police cars, I don't have radios, I don't have trained people, I don't have the ability to do what they expect of me, and I need help." And I've talked to Jim Wolfenson, as have others, and a lot of other people. And the bottom line is, I regret to say, the West—not just us—the West didn't come through. And Hamas had a greater ability to deliver in the streets a year and half ago than Fatah. Now, Fatah had its corruptions. We all understand that. But I believe that there is a measure of responsibility for the West's lack of adequate response with respect to trying to help. We're not responsible for the outcome, but we certainly are responsible for our actions in between.

What I want to ask you—a number of questions, one about Iraq and—a couple about Iraq. But, before I do, we learned, last week, that Lewis "Scooter" Libby authorized—was authorized by his superiors—reportedly, Vice President Cheney; we don't know the answer—to leak classified information from the prewar national intelligence estimate on Iraq to the press in the summer of 2003. And my question is, Are you aware of any authorized leaks of classified information, or anyone instructing someone to leak classified information, to members of the press?

Secretary RICE. Senator, this question has arisen in the context of a legal issue and an investigation, and I'm just not going to comment on anything related to the case of Scooter Libby.

Senator KERRY. Well, can you tell us whether or not you have personally ever authorized the leak of classified information to any members of the press?

Secretary RICE. Senator, this question, again, arises in the context of the Scooter Libby case——

Senator KERRY. No, that arises in the context of your responsibilities within the White House at any time, or now. Have you ever authorized the leak of classified information to the press?

Secretary RICE. I'm not going to talk about something that arises in the context of an investigation in a case. I have always acted lawfully within my duties as National Security Advisor and now as Secretary of State.

Senator KERRY. Let me ask you this question. Do you support the practice of authorizing individuals to leak classified information to the press?

Secretary RICE. Senator, I believe that the protection of classified information is one of our highest duties. I have always endeavored to protect classified information and to make certain that, if classified information is going to be used in any way, that procedures were followed, including procedures for making certain that the intelligence agencies were comfortable, or had agreed, that such information could be declassified. So——

Senator KERRY. So, you do not support it?

Secretary RICE. I've always followed the rules.

Senator KERRY. You do not support the leaking.

Secretary RICE. I believe that the protection of classified information is our highest—one of our highest duties.

Senator KERRY. Thank you, Madam Secretary.

The other day, General Kimmett, Mark Kimmett, gave a speech in London to the Institute of Strategic Studies wherein he reportedly said, "The United States will not maintain any long-term bases in Iraq. Our position is, when we leave, we won't leave any bases there." I wrote to General Pace to follow up on this, and General Pace wrote me back and said, "At present, the Department of Defense has no plans for the permanent basing of U.S. forces in Iraq."

This has long been an issue of contention. So, you know, General Casey has said, "The sense of American occupation is part of what feeds the insurgency." The administration, however, has never formally said, "We're not going to have permanent bases."

So, I would ask you today, Is it, in fact, the policy of this administration not to have permanent basing in Iraq?

Secretary RICE. I think General Pace has spoken to that, Senator, and he speaks for the administration.

Senator KERRY. So——

Secretary RICE. Senator, our job now is to use our forces to help the Iraqis gain control of their own security environment, to train their forces, to protect our people who need to go out in the field to be a presence outside of Baghdad. That is the purpose of our forces. As the President said, we don't want to be there one day longer than we need to be.

Senator KERRY. I understand that. No, and we all want that transition. I'm just trying to figure out what the long term is, because I don't think the administration has actually said that before with clarity. So, if you are affirming, today, what the generals have said as the policy, that's a step forward.

Secretary RICE. Well, Senator, I think General Pace has spoken to this. I don't want to, in this forum, try and prejudge everything that might happen all the way into the future. The policy of this

administration is to, as quickly as possible, turn over responsibility for security to the Iraqis. And, as the President said, we will be very pleased the day when American forces can come home.

Senator KERRY. So, the conclusion from what you've just said is that the civilian leadership, which is how we lead the military in the United States, has a different position from the uniformed leadership, which is, you're reserving the right to make that decision in the future.

Secretary RICE. Senator, I said I am not going to try to speak to something that is that far into the future.

Senator KERRY. I heard what you said. I understand.

Secretary RICE. We are——

Senator KERRY. No, I——

Secretary RICE [continuing]. For instance——

Senator KERRY [continuing]. Understand.

Secretary RICE. Yes, sorry.

Senator KERRY. I got your answer.

Finally, last area, because I know the light's going on here. When I was in Iraq a few weeks ago, I had a good meeting—I thought it was a good meeting—with Abdul Aziz al Hakim. And he made it pretty clear to me in that meeting that the SCIRI party had no intention of changing the constitution, that they might accept some so-called technical ministerial people in a couple of the key Ministries—Interior, Defense, Finance. But nobody, not even the Ambassador, who is very skilled and who we all have great respect for, was able to identify who those people might be. Now, given al-Jaafari's ratification as the new Prime Minister again, in a very, very divided vote, and one that sends shivers through the Sunni, can you tell us what is happening with respect to the efforts to leverage a real political reconciliation that, in fact, delivers to the Sunnis sufficient guarantees that will undermine support for the insurgency? Because every military leader has made it clear that this insurgency does not get resolved at the barrel of a gun; it will be resolved only through the political settlement. And the prospects of that settlement, given what has happened already in this choice, and the problems with Mr. Allawi's party and their being left out, et cetera, leaves major, major questions on the table. Could you walk us through that a bit, please?

Secretary RICE. Well, Senator, I wouldn't draw any conclusions just yet as to the work that still remains for Mr. Jaafari and others in bringing others onboard so that, in fact, they can govern. I would remind that the Shi'a alliance does not have a majority. It, therefore, has to form a broad national unity government, bringing other parties in, even if the Shi'a alliance holds together. So, I think they have a ways to go yet.

Senator KERRY. But you'd agree with me that the key to that national unity government, which we all understand is key——

Secretary RICE. Oh, of course.

Senator KERRY [continuing]. And we accept that——

Secretary RICE. It's absolutely key——

Senator KERRY [continuing]. Is to get those ministries filled with the proper people and to change the constitution.

Secretary RICE. It is, and it's also very important that the Sunnis have wanted some changes to the constitution. That is certainly

something that will need to happen. But I would let the Iraqi political process play out for a while here. There is a lot of politics still to be done to bring together a coalition. We keep talking as if Mr. Jaafari is the only issue here. He's not.

Senator KERRY. No, I understand that.

Secretary RICE. He cannot govern without bringing others onboard. And so, I'm quite sure that there will be many demands from others as to what happens now, going forward. That, indeed, is the nature of politics.

Senator KERRY. But the fundamental division of federalism, which is a SCIRI party goal, major goal, with major political ambitions attached to it, versus a national, "unity," is a real—that's a big tension.

Secretary RICE. Of course it's a tension, Senator. There are tensions in any political system. You know, our own political life began by being, unfortunately, unable, for a number of years, to resolve the issue of slavery. We, nonetheless, managed to create ourselves as a union. I don't think the Iraqis have anything quite that bad yet on their plate. And so, I would say let's let this maturing political system now deal with the various tensions within it concerning what will happen about federalism, what will happen to changes in the constitution. These are precisely the discussions that are going to have to go on for Mr. Jaafari or whoever becomes Prime Minister to form a national unity government. Yes; we do know some of the people that are being considered for key posts. I think, obviously, we want to reserve those discussions for the Iraqis rather than publicly talking about their own process of government formation. But we're very involved in helping them to work through this extremely difficult period.

But this is the core of their politics right now. So far, they have demonstrated a capacity to get through every single phase together rather than split apart. They did get through the writing of a constitution together rather than splitting apart. And I think they will continue to, because that's what the political context is.

Senator, if I may just very briefly, though, on the elections, because I agree with you, elections don't mean democracy. I've never yet, however, seen a democracy begin without an election. And so, we shouldn't underestimate the importance of elections. What it means is that in our policies we have to work harder to help develop civil society and moderate political forces into political parties. That can't happen in an authoritarian environment. The notion that you can somehow have the practices of democracy underneath an authoritarian regime so that then when you have an election you have all of these well-developed parties that can compete, I think, is just not logical. So, yes; I think you have to take, if you will, the opportunity for an election to stimulate the political system, then to begin the process of building a full-fledged democracy.

As I said, elections don't mean democracy, but I've never seen one begin without an election.

Senator KERRY. Well, Mr. Chairman, I appreciate the comment. Actually, the American democracy began with a revolution, not an election. And——

Secretary RICE. Yes, they held an election.

Senator KERRY [continuing]. The fact is——

Secretary RICE. Fairly soon afterward, I believe——

Senator KERRY [continuing]. I understand. But it began——

Secretary RICE [continuing]. Senator, and that's when democracy really began.

Senator KERRY [continuing]. With a revolution. Ultimately, we had a civil war to resolve the issue of slavery, and there are many people who argue that Iraq is already in a low-intensity civil war. And if you don't resolve the differences in this constitution, it will get worse.

So, my point, Mr. Chairman, is simply that there are a lot of players over there, and a lot of others, who do not see the pieces of the political pie—can we get there? I believe we can. I think Senator Biden—there's a lot of us who have felt—and we've sort of stuck with this concept that success is critical. There's a way to get there.

Senator BIDEN. I think we're getting beyond it.

Senator KERRY. But there are a lot of people who feel that opportunity after opportunity to realistically deal with that is just being obliterated and ignored.

Secretary RICE. Senator, I would just urge a little patience with the Iraqis. That was my point about the American democracy, is it took us a while to work some of these issues out. I don't think the Iraqis are headed toward a civil war.

Senator KERRY. You say a little patience. The American people have already sustained a war that has gone on longer than World War II, longer than it took us to beat the axis powers, and have invested in ultimately what will be up to $300 billion, and some say $½ trillion before we finish. That's pretty patient.

Secretary RICE. The Iraqis have been at the process of government formation for 1 year. That is really not very long——

Senator KERRY. The only point——

Secretary RICE [continuing]. In history.

Senator KERRY [continuing]. I'm making, Madam Secretary——

Secretary RICE [continuing]. They had to overthrow, Senator, a brutal dictator. And, yes; they've had to learn the patterns of coming to terms with each other politically rather than through violence. And that takes some time.

Senator KERRY. All I point to are the fundamentals. And if the fundamentals remain as divided as they are—and growing worse, not better—we have a problem.

The CHAIRMAN. Thank you very much, Senator Kerry.

Senator Coleman.

Senator COLEMAN. Thank you, Mr. Chairman.

And, maybe, it's the beauty of America that we're so strong, we're so rich, and we're so powerful that there's a sense if we just did a little more, people would elect folks that, you know, we'd like a little more. I would maintain that—again, the election of Hamas is a horrible—it's outrageous, and we have to deal with that, but that—the failure of leadership is Abu Mazen. Failure is failure to deal with corruption. And, you know, the democracy is a messy thing. And I paraphrase Churchill. It's the worst form of government, a messy form of government, but a far cry better than anything else. I think there is a fundamental question that's being asked here. Do we continue to support leadership that rejects, ig-

nores, the will of the people, or do we move forward with the democratic process? I would hope we would continue to have the courage to move forward with the democratic process, because I agree with your sentiments, Madam Secretary, that you can't develop a rule of law and civil society in oppressive regimes. And so, these are some messy times now, but, goodness gracious, I appreciate your—you disabusing us of the notion that somehow they were the halcyon days of intifada and Arafat, of Saddam, of Khomeini and the Taliban. That just wasn't the case. It's tough today, but it was downright brutal and ugly awhile ago.

If I can just shift gears, focus a little bit on one of my favorite subjects: U.N. reform. One of the issues, the areas where there appears to be some movement, but an area of concern, is the Human Rights Commission. Clearly, the reform movement has not taken hold to the degree that we would like, but there is some progress. I think Ambassador Bolton is doing an outstanding job. My concern is, in particular, regarding the Human Rights Commission. We're still at a stage right now where we don't have criteria for membership. Some of the things on the table would not allow for continuous membership. So, we would be off again, and we wouldn't be part of this body. And then, from everything that I've seen on the table, we're still facing the situation where Israel is the only nation that's still out of the process. Even in the Human Rights Council, they're still—the absurdity of our democratic ally in the Middle East not even being part of the process.

Do we have some bottom lines, in terms of the Human Rights Commission? Are we just going to accept, you know, something transformed that keeps us out at some point, that doesn't have criteria, and that continues to block out Israel? Or are we going to say we're—we want a Human Rights Council, but it's got to be the right kind of Human Rights Council?

Secretary RICE. Thank you, Senator.

We do not want just any Human Rights Council. We certainly want something that is far better than the Human Rights Commission, which we are, thankfully, abolishing, a commission that once had Sudan as its chair, when Sudan was under the sanction for genocide, so—a finding of genocide.

We are working very closely. I talked to Kofi Annan about it when he was down. I think people understand that this needs to be a different kind of body. We have, for instance, proposed that it should not be possible to serve on the Human Rights Council while you're under sanctions for terrorism or for human rights abuses. This seems, to us, a rather self-evident matter. But it isn't a terribly popular position, it turns out. So, we will work with others to try and achieve some standards and some criteria that make it possible to say that this Human Rights Council actually has some standing to look at issues of human rights. No, Senator, we don't want just any Human Rights Council.

Senator COLEMAN. Well, I appreciate that. And, again, the issue with Israel, and the United Nations has made some——

Secretary RICE. Yes.

Senator COLEMAN [continuing]. Reform there. They've recognized the Holocaust. They're dealing——

Secretary RICE. Yes.

Senator COLEMAN [continuing]. With the issue of anti-Semitism in a different way. But to continually exclude, to block out, is something that I—I think we have to draw some lines and say that's not acceptable.

Secretary RICE. Absolutely.

Senator COLEMAN. Let me, if I can, refocus—we've gone from the big picture—really, you know, focused locally. You know, when I was a mayor, you say that the most important park was not the national park, but the one in your backyard. Western Hemisphere Travel Initiative. Real security issues, in terms of folks moving—getting in and out of this country. No question about that. But for those of us who represent northern border States, I've got kids in Minnesota who hop in a van, and they go play hockey with kids right across the border, because there aren't enough kids in—just in one part or the other. There is a—economic ties that are strong. And there are family ties. We have moved away, I believe, from purely the passport perspective. But I just want to put on the table and have your folks go back and reflect, we need something that is, one, cost—you know, affordable. In Washington, 60 bucks, 70 bucks may be the price of a lunch. That's a lot if you've got five kids and you're in Warroad, you're in International Falls, you're in Roseau, Minnesota. And so, you know, 15–20 bucks may not be a lot, but $60–$70 is a lot for American families who have got kids shooting across the border to play hockey on a regular basis.

Portability, it's—you know, I mean, can't we, you know, talk to MasterCard or Visa, and you get a little card you can stick in your pocket, so if you're fishing in—you know, on—in Rainy River, and you—something falls in the lake or something, you can put it back in your pocket and replace it, cheap? And the issue—other thing is, you've perhaps noticed that there are businesses and others—right now, we're suffering. They happen to be—people believe that you can't go to Canada now without a passport. My son asked me that the other day. As it is, we're not looking to 2008, but there are businesses that are being impacted now.

So, you know, perhaps do a pilot project, perhaps do something that we can test whether it works. But this is one of those little things, Madam Secretary, that's a big thing. And I would hope we'd continue to retool this, because I've got folks who are concerned about their economic livelihood. As it is, there isn't a lot of industry up there. Tourism is a big part of it. And if they're impacted—if we put in place something that prevents families from easy access moving across—dissuades folks from wanting to go up there, it's going to have a terrible—it's going to have a negative impact in a place that really can't afford that kind of impact.

Secretary RICE. Thank you, Senator.

We will continue to look at the Western Hemisphere Travel Initiative. Probably the first person who didn't like the idea of passports was the former Governor of Texas, who came to us and said, "You can't do this. You don't know how traffic moves on the Texas-Mexico border"—and, of course, for Canada and the northern States. And so, Mike Chertoff and I have been working on this. We have come up with the idea of this single card. We will obviously try to make it as affordable as possible, as easy as possible, while

recognizing that there's a good security reason for having some form of identification that is standard.

Senator COLEMAN. Appreciate it. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Coleman.

Senator Nelson.

Senator NELSON. Thank you, Mr. Chairman.

Madam Secretary, good morning. Since this is a hearing on the President's budget on foreign affairs, I want to ask you some specific questions about the budget and the policy reasons behind the President's priorities.

We have serious challenges all over Latin America, the Caribbean, and Central America. It seems to me that the policy driving the proposed cuts in the President's budget for assistance to various nations is a wrongheaded policy. So I would like to give you a forum to explain, for example, the reason for the cuts in the assistance program to El Salvador from $22 million to $7 million.

Secretary RICE. Yes. Well, Senator, I was with the Foreign Ministers, last night, of El Salvador, Colombia, Mexico, and Panama. And we talked about the region and ways to strengthen American and democratic influences in the region.

El Salvador is obviously a very important partner. We are about to work with El Salvador—and it's going very well—for a Millennium Challenge Account compact, which will be a substantial increase, then, in foreign assistance to El Salvador. And, as is the case with Nicaragua and Honduras, some of the cuts in other kinds of assistance are where there was some overlap in that kind of assistance that now we expect the Millennium Challenge compacts to be addressing, but also something of a shift in the way that we are going to, therefore, deliver foreign assistance to some countries that we think are at a stage where they are governed wisely, where they have largely rooted out corruption, and where we're, therefore, able to work with them in a different way through the Millennium Challenge Program. It's not that we have cut, overall. As we've put Millennium Challenge money in, we haven't cut development assistance as a routine matter, because we continue to do development assistance, and we continue to do economic support fund assistance for these countries.

Senator NELSON. Let me——

Secretary RICE. We will have a very large—a large compact with El Salvador.

Senator NELSON. Well, let's correct, for the record, just on your statement there. You say you haven't cut it, overall, but the President's request for development assistance overall in Latin America is cut by 28½ percent.

Secretary RICE. Senator, I said worldwide, as a routine matter, we have not, as we've gone in with Millennium Challenge, then decided, all right, we've got a Millennium Challenge, we're going to cut development assistance. It wasn't in specific to Latin America.

Senator NELSON. Well, the nature of my questions are with regard to Latin America. We've covered other areas. And I don't think things are going too well for us in Latin America. I'm concerned that the Latin American people are not holding us in high esteem. So I wonder why we suddenly have a policy of cutting de-

velopment assistance to Latin America. Now, you've explained three countries—Nicaragua, Honduras, and El Salvador. You said that even though those cuts occur—and they're Draconian cuts—you say that's going to be made up with the Millennium Challenge, if that is awarded. And they haven't been announced——

Secretary RICE. Well, they have——

Senator NELSON [continuing]. To those countries.

Secretary RICE [continuing]. They have been, for Nicaragua and Honduras. Those compacts are in place and announced.

Senator NELSON. Not in El Salvador.

Secretary RICE. El Salvador. El Salvador is still being negotiated. That's right.

Senator NELSON. So, you seem to make it up there, but what about the rest of Latin America which gets a huge cut of 28½ percent?

Secretary RICE. Senator, there are some cuts in development assistance to some countries in Latin America. I can get you an answer that goes country by country, because there are different explanations in many of these cases.

[The submitted written answer to the information requested follows:]

Foreign assistance for the region has nearly doubled since the start of the administration, rising from $862,452,000 in FY 2001 to $1,696,841,000 in FY 2007. Although the current request for Latin America represents an overall decrease of 1 percent from the FY 2006 request, this does not reflect a reduced commitment to Latin America. We have prioritized our foreign policy goals against available resources and competing demands for assistance. For example, reductions for middle-income countries where the need is not as great allows us to increase assistance in areas such as Africa, where the need is greater. Moreover, in addition to our FY 2007 request, we will be providing Millennium Challenge Corporation (MCC) funding to Nicaragua, Honduras, and Paraguay, increasing our overall assistance to the region.

Since the MCC was established in 2004, it has approved compacts for Nicaragua ($175 million) and Honduras ($215 million). Bolivia submitted a proposal in December 2005, and discussions are pending Bolivia naming a senior negotiator. We expect El Salvador to submit its proposal later this fiscal year for a significant amount of assistance. On February 8, MCC's Board approved a $37 million program for Paraguay as a Threshold Country, one that has shown political commitment to good governance but has not yet achieved the policy reforms that could make it eligible for a compact. Guyana has also been selected as a Threshold Country, but does not yet have an approved program. MCC funding has increased the total resources available to the region.

We believe our overall funding is at a level that will help us achieve our foreign policy goals in Latin America—even as we incorporate transformational diplomacy strategies across the board that will result in more effective foreign assistance. We have, in fact, requested additional resources to better focus on those activities that will stimulate growth and be truly transformational. To stimulate growth in the CAFTA–DR states, in addition to the $20 million in Economic Supports Funds (ESF) and $20 million in Development Assistance (DA) that has been requested for labor and environment, we have requested $30 million for rural development in the Dominican Republic, El Salvador, and Guatemala ($10 million each).

Our funding request reflects our commitment to focus assistance on trade and capacity building as we believe our greatest benefit can be drawn from trade and economic growth. U.S.-accumulated direct investment in the region is $325 billion, and two-way trade between the United States and the region was $443 billion for the first 11 months of 2005. We have free trade agreements (FTAs) in place with Canada, Mexico, and Chile. The CAFTA–DR agreement has now entered into force with El Salvador as of March 1, to be followed as soon as possible with Nicaragua, Honduras, Guatemala, and the Dominican Republic, and eventually Costa Rica. FTA negotiations were concluded with Peru on December 7, 2005, with Colombia on February 27, 2006, and are ongoing with Panama and Ecuador.

During the budget hearing, you asked Secretary Rice, specifically, about our funding for Haiti. Since 2004, we pledged over $400 million in assistance to help the Haitian people and transform Haiti into a more stable, prosperous, and democratic nation, This does not include our contribution of $261.5 million to the U.N. mission (MINUSTAH) over this same period. We coordinate closely with donor partners to ensure all priorities are funded and to avoid redundancies. Other donors pledged a total of $970 million over the FY 2005–FY 2006 period. The multidonor Interim Cooperation Framework launched in July 2004 at the Haiti Donors' Conference at the World Bank will be extended until the end of 2007 to ensure continued support to the next government. We look forward to the next high-level donors' pledging conference slated for later this year to reinforce this close coordination among donors and confirm the international community's long-term commitment toward Haiti. As Secretary Rice stated during her testimony, we will take a look at what level of support we will need to give, and what support we will need to get others to give to Haiti.

USAID's current multiyear Haiti strategy concludes at the end of FY 2006 and a new country strategy begins in FY 2007. Our assistance program to Haiti funds jobs, environment and natural resource management, vocational training, food assistance and medical care, as well as technical advice and budget support to the government. We provide healthcare services to over a third of the Haitian population, and over 2.2 million vaccination doses for children. We are fighting AIDS by reinforcing prevention efforts, expanding testing, and providing antiretroviral treatment throughout the country. In addition, we support civil society organizations and the media, and provide credit to small and microentrepreneurs. With the inauguration of the new government, we and our international partners will look for additional opportunities to introduce new programs to strengthen the Parliament and improve capacity at the local level.

As you are aware, 2006 is the year of elections across Latin America. We are looking at all of the new governments that may have new requirements and we very much want to make sure that we fund them adequately. Enclosed are the individual country and regional program descriptions from the Congressional Budget Justification (CBJ) that explain our request in greater detail.

[EDITOR'S NOTE.—The submitted information mentioned above from the Congressional Budget Justification was too voluminous to include in the printed hearing. It will be retained in the permanent record of the committee.]

Secretary RICE. It is also the case that we have had to refocus some of the assistance on places where we think there is greater relative need.

Senator NELSON. Elsewhere in the world.

Secretary RICE. Elsewhere in the world.

Senator NELSON. Outside of——

Secretary RICE. Outside——

Senator NELSON. All right. Well, then let me bring you to a place that we have an enormous amount of strife right now: Haiti. Haiti needs a long-term commitment from the United States, as well as the rest of the world, to have a chance to improve its situation. And here we are, hanging by our fingernails every day now on a disputed election and so forth, and yet the administration, for example, in development assistance, has included a cut to Haiti in its proposal to the Congress—we're going to make the decisions, but I'm trying to find out from you the policy reasons why, in the poorest nation in the Western Hemisphere, we would cut development assistance from $29.7 million to $23.1 million, and child health and survival, which includes vaccinations, that we would cut from $19.8 million to $15.8 million.

Secretary RICE. Senator, if you take our overall funding for Haiti, it is level, if you look at economic support funding and the like. But let me just note that we made a commitment to Haiti, in the donors conference, for 400 million dollars' worth of assistance. That was our commitment to Haiti. That has been apportioned as fol-

lows: 2004, $101 million; 2005, $209 million; and 2006, $194 million. So, we have met those requirements.

We will continue to look at what will need to be done in Haiti now that there will be a new government. We have to remember that we've also been supporting the efforts of others in peacekeeping, in election assistance, and the like. So, I think the development assistance piece doesn't show the entire picture for what we're doing for Haiti.

But I would be the first to agree that we're going to have to take a look, as we look forward to next year's budget, for now, with hopefully a stable government in Haiti, not a transitional government, on what support we will need to give and what support we will need to get others to give to Haiti. And I think that's a fair question. We will have to look at that level of support.

Senator NELSON. Well, this Senator is going to try to increase that budget. Am I going to get some resistance from you?

Secretary RICE. Senator, I never like to turn down money, particularly in a good cause. I would just say that I think we believe we've adequately funded our needs in Haiti, but we are well aware that, in a couple of cases around the world—Haiti is one, Liberia is another—we're looking at new governments that may have new requirements, and we very much want to make sure that we adequately fund them.

The CHAIRMAN. Thank you very much, Senator Nelson.

Let the Chair just mention that we've tried desperately, from the beginning, to make sure every Senator can be heard today. We have four Senators still to be heard. We have about 24 minutes. The Secretary will need to leave at 11:45. And so, the Chair will ask each Senator to cooperate in trying to maintain something close to the 5 minutes.

Senator Allen.

Senator ALLEN. Thank you, Mr. Chairman. Good morning, Dr. Rice, and welcome.

For Senator Coleman, I was up at the Super Bowl and met with some of our Homeland Security people there, shippers and trucks that go over the bridges and tunnel, and the ferry that goes across there from Windsor to Detroit. They've done a great job using technology and making sure commerce is actually moving more quickly than before 9/11. So, maybe that would be a model, where Homeland Security can work in Minnesota.

Two areas I want to discuss with you; Hamas and the Iran Sanctions Act.

On Hamas, Secretary Rice, what is the administration's efforts going to be to make sure that no U.S. funding finds its way to Hamas? How do you plan to deal with the kinds of assistance that are sometimes characterized as humanitarian? In your answer, if you could, sometimes we fund various international agencies, it might be the United Nations or others, that funding somehow could get into the hands of Hamas. If you could share the administration plan with me, because I don't want a penny of American taxpayers' money going to fund Hamas.

Secretary RICE. No, I understand, Senator, and neither do I. We are reviewing all of our programs, and reviewing them piece by

piece, so that we know exactly how moneys would move, and the like.

I've already let the Palestinians know that I have to secure moneys that were put forward for Gaza withdrawal reconstruction, because, frankly, that is money that would be available to the Government of the Palestinians. And if that government is Hamas, then that government cannot have that money. So, we're making some efforts, already, to secure funding that may have been already granted.

On the matter of the rest of the funding, we do want to be responsive to humanitarian concerns. You know, we want to be able to continue to support immunization of Palestinian children. We want to be able to continue to support the refugees, something that we have been doing for a very, very long time. We do it through nongovernmental organizations and through U.N. agencies. But we will look very hard at what the path, if you will, would be for the use of those moneys.

I do think we want to continue to be responsive on humanitarian needs. I think it would not be in our character to refuse to immunize Palestinian children because Hamas is in the government. But that portion of the funding that would go to support the government, whether it is reconstruction projects or budget support or anything of the like, we've been very clear that, unless the Palestinian Government, whatever its composition, is prepared to recognize Israel and to carry out the other requirements of the Quartet, that no money will go to that government.

Senator ALLEN. Insofar as the refugees, what funding are you referring to?

Secretary RICE. Well, there are refugee camps in the Palestinian territories, in Gaza.

Senator ALLEN. Right.

Secretary RICE. And we have—through the U.N. refugee fund, we have given some funding, over many years, to support those refugee camps, much as we support refugee camps in Darfur or other places. And I think we will want to look at how that works. But I want to reserve that we really have to look hard at the humanitarian needs versus government support. And government support, we absolutely will not do.

Senator ALLEN. Good.

Now, insofar as the Iran—actually, it's my understanding the Iran-Libya Sanctions Act will be expiring sometime this summer. I believe it's in August. I presume that it'll be reauthorized. Are there any specific suggestions that the administration will have to that act? Changes, additions, deletions? If you could share those with us, please.

Secretary RICE. Thank you. Thank you, Senator. I think we want to do a careful look at where we are in a couple of months, in terms of where we are with our allies. We are in a different phase now. The Iran-Libya Sanctions Act, I think, has been very useful to us as a tool, but we're in a different phase now. And so, I appreciate your suggestion, and I'll take it as an invitation to review with concerned Members of Congress how we might think about the reauthorization under new circumstances. I'm not really prepared to give you answers now, specifically, but we will do that work.

Senator ALLEN. Thank you, Dr. Rice.

I'll yield back the matter of seconds I have not consumed. [Laughter.]

Thank you, Dr. Rice. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Allen.

Let me just mention that Senator Obama and Senator Martinez have been with us well over an hour, and I'm going to recognize them in that order, and then we'll proceed back into the regular order.

Senator Obama.

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

Secretary Rice, let me—I want to touch on three things. And, since my time is limited, I want to make sure everybody gets a chance. You know, if we can keep our answers, and my questions, relatively brief, that would be terrific.

First, on Iraq. Let's stipulate that elections and democracy are superior to authoritarianism and torture. So, we'll—that, I think, is a given. I think the concern that you've heard, from some of the panelists at least, is that, although we recognize the need for patience in Iraq, that democracy takes some time, that the back and forth between the various factions is not untypical of a fledgling democracy, there is a difference between what's going on in Iraq and what happened in the United States during our early formative years, and that was, there wasn't a third country—or there wasn't an outside power that was financing this entire experiment, our experiment. And, you know, we have spent, as has been mentioned, $300 billion. You know, the estimates may be higher. We've lost a substantial number of young men and women, who have served us bravely. And so, I think the bottom line, I guess, is, At what point do we say that we are going to start ratcheting down our involvement as the Iraqis figure out what it is that they want to do?

So, I think a lot of the questions are prompted not by some unrealistic notion of how quickly Iraqis should get their act together, but, rather, the fact that we're on the hook for blood and treasure. And this administration has suggested that—has been open-ended, in terms of its commitments. And so, let me be very specific on the question. You know, there has been discussion about a phased withdrawal. And the question is whether we can anticipate, given the direction that negotiations between the various factions in Iraq have been proceeding, whether or not such a phased withdrawal is advisable, would help send a signal to the Shi'as that we're not going to be here forever, and that they need to negotiate with the Sunnis, and would start signaling to the Iraqi population that, in fact, we are not interested in permanent bases and long-term occupation there?

Secretary RICE. Well, on the latter point, first of all, the United States is not seeking permanent bases around the world very much anymore. And, in fact, we're moving permanent bases out of most of the world back to the United States. So, I think——

Senator OBAMA. I understand. But the——

Secretary RICE [continuing]. But——

Senator OBAMA [continuing]. This is a specific perception on the——

Secretary RICE. No.

Senator OBAMA [continuing]. Part, and——

Secretary RICE. No; I understand, Senator. I certainly do. My perception of this, or my way of thinking about this, is that rather than talking about phased withdrawal, we need to talk about what needs to be accomplished for the conditions to be proper for the United States to begin to diminish its presence. We have gone from 17 to 15 brigades just——

Senator OBAMA. Well, then——

Secretary RICE [continuing]. Just recently.

Senator OBAMA. I'm less interested in terminology. And I don't mean to interrupt you, but I've got a couple of other questions. So, the—I guess what I'm saying is, Are conditions being met that would then allow for a phased withdrawal?

Secretary RICE. I don't want to use the term "phased withdrawal," but I think the conditions are being met that will lead to more and more transfer to the Iraqi forces themselves of responsibility for their security, for the control of their territory——

Senator OBAMA. So, you are optimistic that the direction——

Secretary RICE. I am——

Senator OBAMA [continuing]. That the direction——

Secretary RICE [continuing]. I am——

Senator OBAMA [continuing]. That the democracy——

Secretary RICE [continuing]. Optimistic——

Senator OBAMA [continuing]. Is leading——

Secretary RICE [continuing]. The direction; yes.

Senator OBAMA [continuing]. Will allow us to start bringing troops home.

Secretary RICE. I am optimistic that the United States is seeing Iraqis step up, take responsibility for security, take responsibility for controlling their territory, that the government-formation process is moving——

Senator OBAMA. Madam Secretary, you're——

Secretary RICE [continuing]. Ahead.

Senator OBAMA. Very good——

Secretary RICE. Yes. And——

Senator OBAMA [continuing]. But what I'm asking——

Secretary RICE. Senator——

Senator OBAMA [continuing]. You is——

Secretary RICE. Senator, I——

Senator OBAMA. You're not going to answer the question, is what you're saying.

Secretary RICE. No. What I'm saying is, I do believe that this is going in the right direction. And, as the President said, when it's going in the right direction, we have no desire to be there any longer in any larger numbers than we need to be.

Senator OBAMA. OK. Well, the—we're a little stuck here. And you—you parried that well. I have to say that the question that the American people want to know is, At what point can we end the large-scale commitments that are costing us billions of dollars and have, so far, cost us thousands of lives? And so, that's really the bottom line. And if—people are impatient not about Iraq, they're impatient about our commitments, which are putting us in the red.

Iran. There has been some significant progress in getting China and Russia and others onboard to send a strong signal to Iran that,

in fact, the pursuit of nuclear weapons is not acceptable. My specific questions are, Have we reached the point where there is agreement among Russians, Chinese, Indians, others, in the form that sanctions or penalties or signals to the Iranians—what those would look like? You don't have—and then you may not want to articulate all of them. I'm sure that there's a menu of choices. I guess what I'm saying is, Do we have—is your sense that those folks are moving along with us, or are they just saying a lot of pretty words, but aren't as committed as we are on this issue?

Secretary RICE. Well, earlier I had mentioned that I think it's not going to be easy to come to agreement about what the course ought to be, in terms of sanctions. But I do believe that we're having those discussions. The more Iran does the kinds of things that it did today, in starting enrichment and reprocessing, and, therefore, defying the international community, the more I think you will see people come together around a set of consequences for Iran's behavior.

We are in very intense discussions with our colleagues about what that menu might look like, about how that menu might play out over time. I don't want to get ahead of the diplomacy——

Senator OBAMA. I understand.

Secretary RICE [continuing]. But we are in those discussions.

The CHAIRMAN. Senator Obama, I——

Senator OBAMA. Am I out of time? Can I just ask one last question? And they're—on this Iran topic?—and that is, the Russians have proposed a very specific plan to provide some face-saving to the Iranians, should they back down.

Secretary RICE. Yes.

Senator OBAMA. Is it the administration's position that that is a viable framework, provided that there was strong verification and that, in fact, the Iranians were behaving?

Secretary RICE. We do support the Russian plan, because we believe it achieves the essential thing, which is not to allow enrichment and reprocessing to take place on Iranian soil. We also would note that the President, all the way back in his speech at the National Defense University, talked about fuel assurances for countries that might want to build a civil nuclear power, but should not have the full fuel cycle. And so, the Russian proposal is consistent with those, although there are certain elements that I think we would have to continue to work through with them. We are supportive of the Russian efforts.

Senator OBAMA. Thank you.

The CHAIRMAN. Thank you very much, Senator Obama.

Senator Martinez.

Senator MARTINEZ. Thank you, Mr. Chairman, very much for your courtesy.

And thank you, Madam Secretary. It's good to see you.

I think that it's important that, you know, we point out the fact that elections do require more than—I'm sorry, democracies do require more than election day. And one of the troubling signals we've seen in recent—the year or two—is the elections of Mr. Chávez in Venezuela not followed by democratic-like behavior, becoming more and more of a totalitarian. So, I hope when we look

at elections as being only determinative of what happened on one given day, we do it across the board, and not just selectively.

I also want to commend the President for reaching out to Evo Morales, a person who has not had publicly kind things to say about the President—in fact, quite unusual for heads of state to comment in that fashion—but that he did, in fact, place a phone call to him, and—that I thought was a terrific moment of reaching out.

And I guess what I would point out is that bad behavior around the world does not always depend upon the actions of the United States, but that people sometimes behave badly on their very own, with or without the assistance of what we may or may not do.

And speaking of bad behavior, Iran and its troubling tendencies appear to also be headed in our region. You know, Florida's backyard is our Western Hemisphere, so I concern myself greatly with what happens there. And in recent days, we've seen increasing diplomatic interaction between Iran and Cuba and Venezuela, two countries that voted not to send Iran to the Security Council because of their very dangerous behavior in nuclear weapons.

I want you to—I'm going to follow the chairman's example—I want you to comment on that, if you would, in addition to also further comment on the fact that the MCA was, in my understanding, not intended to take the place of other assistance. So, again, on the issue of cuts to the region of Latin America, I'm greatly concerned, and share the concern of Senator Nelson there.

And, third, if you could comment also on the migration accords with Cuba. Recently, we've seen some very troubling situations there. One is this incident with the bridge and the wet-foot/dry-foot thing, which, frankly, no one can quite understand how we got to that. And, second, yesterday, in the Wall Street Journal, it was pointed out the story of the—a very compelling story of these two—a couple, husband and wife, who were trying to be reunited with their family here in the United States, escape Cuba, because Cuba would not let them leave legally, even though the United States had granted them a visa, and now find themselves in very deplorable conditions being detained in the Bahamas. Whether you're aware of the situation and what we might be doing to encourage the Bahamas to behave neighborly and release these folks so they might join their families here.

Secretary RICE. Thank you. Senator, I was not aware, until I saw the Journal piece, and I will—we will get back to you with an answer.

[EDITOR'S NOTE.—The committee understands that the Office of the Secretary of State provided the requested information orally to Senator Martinez.]

Senator MARTINEZ. Ambassador Rood has been great on this——

Secretary RICE. Yes.

Senator MARTINEZ [continuing]. To the point of visiting them, and so forth.

Secretary RICE. Yes.

Senator MARTINEZ. And we've been back and forth with letters. But more action, I think, is required.

Secretary RICE. Yes. I understand.

Senator MARTINEZ. Thank you.

Secretary RICE. On Cuba, generally, as you know, we have tried to have a humane migration policy, but one that does not somehow encourage Fidel Castro to play games with our—with migration policy, which he is wont to do, as you well know, from Florida. And so, we have maintained a policy that I think balances those two elements. But when we have a case of the kind that you are talking about, we try to remember that, of course, Cuba is a terrible dictatorship, and that people are fleeing for reasons of political oppression, not just economic matters. And so, that's why the policy on Cuba has been different than the policy on some other places.

In terms of Iran, yes; it was interesting that those who voted with Iran were Syria, Cuba, and Venezuela. And we have—we believe that it is very important that those in this hemisphere recognize that whatever they may think this is, in terms of sticking a thumb in the eye of the United States, it's really a thumb in the eye of the international community, because that vote in the IAEA was a solid one that included Egypt and China and all kinds of countries in the consensus. And so, I think that's a message that needs to be sent.

And, finally, on the issue of elections, I agree that election day is just election day. The follow-on that we've been emphasizing in our region is that it's not an issue for us of whether you're elected from right or left, it's an issue of whether, after elected, you, in fact, govern democratically. And that is the challenge, I think, in our hemisphere, is to make sure that people who are elected, govern democratically.

But I just want to say, again, as you would agree, Senator, let's also not undervalue the fact that free and fair elections do matter, because you cannot have a democracy unless there are free and fair elections. It is not a sufficient condition, but it certainly is a necessary one. But then we have to make sure that we send the message that people govern democratically.

Senator MARTINEZ. Thank you.

The CHAIRMAN. Thank you very much, Senator Murkowski.

Senator Sarbanes.

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

Madam Secretary, I join my colleagues in welcoming you here this morning. I regret that we weren't able to have the hearing yesterday, because I think you had set aside a considerable amount of time for yesterday's hearings. But apparently a political event Monday night led to the cancellation of yesterday's hearings, and I regret that that took place.

Actually, I want to ask some questions about the President's budget for foreign affairs, which I understood to be the topic of the hearing.

I've always been concerned about us lagging behind in the payment of various assessed obligations we've undertaken. Other countries are meeting them, but we fall behind. For instance, in the Multilateral Development Banks, we're now behind in our contributions to the Inter-American Investment Corporation and the Multilateral Investment Fund. And the administration isn't seeking, in this budget, to take care of those arrearages. At the Global Environment Facility, I gather there are no other countries, other than

the United States, in arrears there. Why aren't we addressing that problem?

Secretary RICE. Well, we do have budgetary constraints that sometimes we have to live with some arrearages. We have tried to make those minimal, and we've tried to live up to our obligations to make certain that the organizations do not experience, in a sense, a cash-flow problem because the United States is not paying. And I think we are living up to that obligation.

Senator SARBANES. I have a suggestion for you, in the face of your budget constraints. The Millennium Challenge Corporation is building up huge balances. In fact, it's estimated that, with the request you've just made, which is for another $3 billion—even if you assume their most optimistic projections about paying money out and signing these compacts—there will be over $3½ billion in unobligated funds.

Secretary RICE. Senator, we just had the Millennium Challenge Account board meeting. And, in fact, the numbers suggest that, with the increased capacity that John Danilovich has brought on, and with an active program, that they will seek to approve 11 new compacts worth over $4 billion in fiscal year 2007. They've already signed five compacts, over $900 million, to date. And they have another seven pending, which would be $2 billion. So, they would have, by the end of fiscal year 2007, absorbed all appropriated requested funding. In fact, they, in the board meeting, were concerned that we might now be getting into a position in which we would have to be—start to draw back on our negotiation of contracts, because we might not have the funding there.

Senator SARBANES. They've been telling us——

Secretary RICE. You will find that——

Senator SARBANES [continuing]. They've been telling us that for a long time. We were told last spring that all of the $2.5 billion that had been appropriated would be obligated by the end of calendar year 2005. The last quarterly report showed $435 million cumulative disbursements through 2005. Even if you take into account the compacts they've signed, totaling another $900 million, they are still falling well short of coming anywhere near what they had projected.

Secretary RICE. Senator, I think it took some time to get this corporation up and running, and it took some time to get the right processes in place. But they have fundamentally, and very aggressively, accelerated this process now, and they anticipate that, at the end of FY 2007, they will have fully spent their appropriated funding.

Senator SARBANES. Well, it's on the radar screen. We're going to watch that very closely.

I want to ask one question about your peacekeeping. We're lagging, falling behind, as well, in meeting our peacekeeping obligations.

Why have you not requested funding for the U.N. force in Cyprus? We've consistently funded that over the years, and the peacekeeping contribution for Cyprus has been zeroed out in the fiscal 2007 request.

Secretary RICE. Senator, the funding that we requested on peacekeeping, we believe, will meet our obligations. I will get back to you with a specific answer on Cyprus.

[The submitted written answer to the information requested follows:]

The United States has been and remains a strong supporter of the United Nations role in seeking a comprehensive settlement in Cyprus. UNFICYP has been an important part of this effort, and we will continue to work closely with the mission to ensure it remains an effective force supporting the eventual renunification of Cyprus. The Department's FY 2006 appropriation includes $4,678,000 for UNFICYP. As you noted, the Department's FY 2007 budget proposal includes no funding for the UNFICYP mission. UNFICYP's mandate is expected to be renewed again for 6 months in June against current fiscal year funding. Should the pace of the political process require further renewals into FY 2007, we believe we will be able to reallocate funds within the CIPA account to continue our support for UNFICYP and its important mission.

Progress toward a Cyprus settlement will require creative thinking and constructive dialogue. The United States is encouraging the United Nations and the parties to the dispute to work together to move the Cyprus settlement process forward. We welcome all proposals that seek to break the current deadlock, and hope that all parties will engage and remain flexible and creative. The United States stands ready to assist the United Nations and the parties in this effort.

Secretary RICE. But we believe that this will meet our obligations. I will say that because there are new peacekeeping duties, we did seek, in the supplemental last year, some help and relief for peacekeeping funding. We did receive it, and this time, we believe, in our 2007 budget, we have accounted for what we need to do the peacekeeping that is immediately before us. I think you will see, in the supplemental, that there will probably be some requests for peacekeeping in Darfur, because that is not a part of the 2007 budget. But this funds our peacekeeping obligations as well as we can do, given other budget constraints.

Senator SARBANES. No; I'm specifically asking about the Cyprus money. The budget request assumes that the mission will be terminated in fiscal year 2007. And, of course, then you zero it out in your chart, as well——

Secretary RICE. Well, of course, Senator.

Senator SARBANES [continuing]. But why—what's the basis for——

Secretary RICE. Senator, we are, of course, working to try to get a resolution of the Cyprus situation. Cyprus, of course, now is a member of the European Union. There is a lot that is happening on the political front in that regard. If it becomes necessary to continue that mission, then we'll find the money for it and try to reprogram it, or try to meet the obligation. But we believe that a lot, politically, is changing with that, including Cyprus's incorporation into the European Union.

Senator SARBANES. And how does that affect the peacekeeping?

Secretary RICE. Because, Senator, we're working very hard now to get back to where we were a year ago, which was, at the time of the Annan plan, with which I know there were some disagreements, to actually resolve this conflict. Should there be need for continued peacekeeping there, we'll meet the obligation.

Senator SARBANES. Why don't we do it the other way? Provide the money, and then, if you don't need it, then you're in a better position to take care of some of these other needs, as well.

Secretary RICE. Well, Senator, we have a lot of——

Senator SARBANES. I mean, we could——

Secretary RICE [continuing]. A lot of——

Senator SARBANES [continuing]. We could drop——

Secretary RICE [continuing]. Budget demands.

Senator SARBANES. We could put a zero line for a lot of things in here, on some kind of favorable assumption about what's going to happen.

Secretary RICE. Well, Senator, we have a lot of budget demands, and we're balancing a lot of requirements. But we'll meet our obligations if we need to.

The CHAIRMAN. Thank you, Senator Sarbanes.

Senator Murkowski, the final questioner of our Secretary.

Senator MURKOWSKI. Thank you.

And my question, and probably the Secretary's response will be less than a minute, recognizing the Secretary's time.

We're going to get to the point where every time you look at me you're going to think of the Arctic and what we need to do there. But—your responses have ranged all over the globe—but no concerns raised thus far, as they relate to the Arctic and Arctic policy. And, as you know, that's something that I have been encouraging those in the State Department to work with us on, and we're going to have a lot more conversation about it.

Specifically, 2007 is the International Polar Year. All eyes are going to be on Alaska and the United States and our role in that international event. My question to you this morning is, What funding, if any, is included in the budget for this international event next year?

Secretary RICE. I will have to get back to you, Senator. I don't know the specifics.

[The submitted written answer to the information requested follows:]

The President requested funding to support this event as a part of the National Science Foundation's budget submission. There is no specific request for additional funding for the International Polar Year (IPY) in the Department's FY 2007 submission.

The Department is participating in activities associated with the IPY through the Office of Oceans Affairs within the Bureau of Oceans and International Environmental and Scientific Affairs (OES/OA). OES/OA has provided funding for the Arctic Human Health Initiative, and Arctic Council IPY project and is currently reviewing funding requests for IPY activities. The Department routinely receives a specific appropriation originated by Congress for the Artic Council, which supports activities associated with events like the IPY.

Secretary RICE. Obviously, we have wanted to work with you on the Arctic Council, because not only is it important, but it's also good for our relations, I think, with Russia, where we need more cooperative efforts. And so, if we've not been as responsive as we should on that issue, then we will try to be more responsive.

Senator MURKOWSKI. We look forward to working with you on this.

Thank you, Mr. Chairman.

Secretary RICE. Thank you.

The CHAIRMAN. Thank you.

Senator Dodd just appeared. Let me just say, the Secretary needs to go, but I'll recognize you, Senator Dodd, for——

Senator DODD. I understand that, and I apologize to you, Madam Secretary. We had a—hearings on Katrina over in the Banking Committee with Senator Shelby this morning, with our colleagues testifying. And so, I apologize. Trying to be two places at once. I just had a meeting with the delegates from Mexico over here. We have the Interparliamentary meeting coming up in a couple of weeks in Mexico, and I've attended those over the last 25 years. And so, in preparation of that, as well, I apologize.

I must say, Mr. Chairman, I noticed, at Coretta Scott King's funeral, a very full-throated Secretary of State during some of the wonderful music that was at that ceremony. I was with my colleague from Delaware. We went down together for that. And I commend you——

Senator BIDEN. And neither one of us can sing. [Laughter.]

Senator DODD. Oh, I know. I was jealous.

Secretary RICE. I'm a minister's daughter.

Senator DODD. I gathered that. I was——

Secretary RICE. I grew up in church choirs. [Laughter.]

Senator DODD [continuing]. I was thinking that. Let me raise a—and I gather you've been over a lot of the issues that I would have raised, and substantive matters here, before the committee—obviously, Haiti and occurrences in Latin America. And I know you're busy. I want to raise a subject matter with you, Madam Secretary, that is obviously somewhat sensitive to people—but I know Senator Kerry addressed this, to some degree—but the issue of these unauthorized wire taps has come up recently, and the declassification of classified materials. And when you were the National Security Advisor, I gather decisions were made to go forward with these wire taps, outside of the Foreign Intelligence Surveillance Act, the FISA Act. And I'd be remiss if I didn't ask you here to shed some light on all of this, since this was the time period when you were sitting in that chair. What role, if any, did you play in the administration's decision to undertake any of these wire taps without warrants? Were you aware they were going on at the time without recourse to the FISA process? And why was this necessary? If you might shed some light with us, please.

Secretary RICE. Certainly. Senator, I will not try to speak to the authorities question. I think the Attorney General has spoken to that, and is better positioned to speak to that. But this was done under the President's authorities, the constitution, and also under statute. But from the point of the view of the National Security Advisor—that is, from——

Senator DODD. Right.

Secretary RICE [continuing]. The security point of view—I was, indeed, aware. I felt very strongly that what the 9/11 experience had told us was that we had a gap between what was going on—an intelligence gap between what was going on inside the country, in terms of cells that were operating here, hijackers who, indeed, were operating in the country and communicating to people outside the country about those terrorist acts, and that that was a scene that we had to close. And the assessment of the professionals was that the FISA—and, by the way, we used FISA, and used it aggressively—but that FISA would not permit the kind of rapid and flexible and quick use of the surveillance in order to pick up the con-

versations that would be taking place between people who might have intentions to hurt us here and people plotting and planning outside the country.

I was convinced, myself, that this was a program that was limited in its scope to terrorism, that it was a program that was under the President's authorities, and that it was a program that was absolutely necessary.

Senator DODD. Was there any debate about the issue of sidestepping the FISA requirements, that you can recall?

Secretary RICE. I think, Senator, had the President believed, and had we believed, that it was possible to do this under FISA, that that would have been done. But the nature of what was being done here, which is not against the kind of fixed——

Senator DODD. I think we agree on that.

Secretary RICE [continuing]. Longer term targets——

Senator DODD. I think all of us sort of agree on that. I listened, over the weekend, to our former Democratic leader, Tom Daschle, and Jane Harman, as well as the two Republican leaders of intelligence, and I found that they sort of expressed my views. All of us sort of agree that we ought to have a program that allows us to be able to protect America, where there is conversations occurring here.

The issue really was about this—the issue of the warrantless decision. And that's the hub of the question, really; not whether or not there ought to be a program, but whether we step aside the warrant approach on this thing.

Secretary RICE. I understand, Senator. And my only point to you is that I was convinced—I think, along with others—that we did not have the option of doing it under FISA, as it currently existed, and that it did not give the kind of agility and flexibility that was needed for the specific kinds of programs that needed to be run.

Senator DODD. Do you know—are you aware that FISA does allow for retroactive approval? So, you can actually conduct the wire tap, and then go back and get the approval, after the fact.

Secretary RICE. I am aware, Senator, but there—those who do this for a living had conversations with the President, and with all of us, about what was required, and that FISA did not give the kind of agility and flexibility that was necessary to do it. And I, frankly, felt that we were blind and deaf at the time of September 11, and that our highest obligation was not to be blind and deaf again.

Senator DODD. Let me quickly—and I—again, you're being patient with your time, and I appreciate it, but I wanted to ask about the declassification of classified materials, as well. And I realize I'm going back a bit here to your earlier job here. But there have been reports lately that Scooter Libby was authorized to discuss portions of the national intelligence estimate—I think that was the report, anyway—of that document, related to Iraq, with reporters by his superiors—that was the question there—by his—authorized to speak by his superiors. And I wonder if you might share just a—let me just ask a couple of these questions and have you respond in general rather than going through question to question.

One, if you could share with us, Who were Mr. Libby's superiors, at least in your mind at that time? What was the process at the

White House and the National Security Council for declassification materials, if there was one? Is it governed by executive order, which I gather some have suggested might be the case? Or has the President delegated this authority to others, which I gather he might be able to do, as well? And do you have such authority—did you have such authority, as National Security Advisor, that has been discussed here? And do you have it now? And would it have been appropriate for, say, the Vice President, in your view, to authorize Mr. Libby to discuss these portions of the national intelligence estimate on Iraq with reporters?

I mean, it's a very important line of questioning here, in terms of what happened on this thing. And I, again—you're Secretary of State today, but you were NSC, and it's important that we try to clarify it.

Secretary RICE. Senator, I don't really think that I should comment on things that have arisen in the context of a legal case and investigation. I would only say that, as I said—and Senator Kerry asked a similar question—that I believe that it—that the protection of classified information is among our highest responsibilities and duties, that it must—that our responsibility to follow the law in that regard is a very high duty. And I fundamentally believe that I always did follow the law in the exercise of my duties.

Senator DODD. Putting aside Mr. Libby, per se, just as a process question alone, is there—is there a process which allows for people to talk with reporters about classified material, that we're not aware of, that we should be aware of?

Secretary RICE. Senator, there is a process of declassification.

Senator DODD. Right. We know that.

Secretary RICE. And I believe that I have always followed the law in this regard. I really don't think I can comment further, because this has arisen in a legal matter.

Senator DODD. OK.

Well, Mr. Chairman, I might just suggest, at some point, we may want to, as a committee—I leave this up to you and Senator Biden to talk about, but it might be worthwhile for this committee to—maybe in a private setting, to be—have a further discussion about this, because it's an important matter, obviously, the declassification of materials and how it occurs, here. And I might suggest that be a way we might proceed.

And, again, I—it's not my intention here—maybe at the last minute here—but, obviously, these are important questions, and they did involve your—during your watch. And so, I felt compelled to raise them with you and—here. And I'd like to pursue them a bit further, if I could. But, obviously, we are stretching time limits here. But those are two important matters I'd be interested, Mr. Chairman, in seeing the committee examine in some forum that might allow us for further discussion on it.

The CHAIRMAN. Well, it's an important issue, and—for the whole Senate, and obviously for our committee. And so, I'll take that under advisement with the distinguished ranking member.

Senator DODD. I thank you.

The CHAIRMAN. Thank you so much, Secretary Rice——

Secretary RICE. Thank you very much——

The CHAIRMAN [continuing]. For your testimony——

Secretary RICE [continuing]. Mr. Chairman.

The CHAIRMAN [continuing]. And for your forthcoming——

Secretary RICE. Mr. Biden, thank you.

The CHAIRMAN [continuing]. Responses. It's great to have you here.

Secretary RICE. Thank you very much. It's good to be with you.

The CHAIRMAN. This hearing is adjourned.

[Whereupon, at 11:55 a.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT BY SENATOR CHRISTOPHER J. DODD, U.S. SENATOR FROM CONNECTICUT

Mr. Chairman, thank you for providing an opportunity for members of the committee to hear from Secretary Rice and to share our thoughts and concerns with her on the direction of United States foreign policy and more generally on the standing of the United States globally.

Madame Secretary, you have expressed satisfaction with the modest increase in the FY 2007 foreign affairs budget. At the appropriate time I will be interested in hearing from you how you see the various components of that budget furthering U.S. interests around the world.

In glancing through the Department of State's FY 2007 budget submission to the Congress, I came across a quote from you, Madame Secretary. You stated, that "The President set a bold mission for our Nation, and to achieve it America needs an equally bold diplomacy—a diplomacy that not only reports about the world as it is, but seeks to change the world itself."

It would seem to me to be quite a leap from "reporting about the world" to "changing it." Shouldn't we first be trying to develop a much greater understanding of what is happening around the globe—in the Middle East, in Iraq and Afghanistan, in Latin America, on the Korean Peninsula, in the People's Republic of China, in Russia and the former Soviet Republics?

Any why?

Why, for example did the Palestinian people vote for the likes of Hamas—a terrorist organization which openly seeks the destruction of Israel.

Why does the newly elected President of Iran seem not to miss any opportunity to provoke the United States?

Why are our efforts to reach agreement on fundamental reforms at the United Nations resisted by governments who should have every reason to want a strong and functional United Nations?

Why has the Muslim community been so susceptible to efforts by agitators to use the publication of a dozen admittedly objectionable cartoons in an obscure Danish newspaper to mount violent protests in selected cities in Europe and the Middle East?

Why is one Latin American country after another electing left of center, nationalist candidates to office?

It seems to me that it is very premature and dangerous to careen ahead remaking the world in our own image without fully assessing whether we have any chance of succeeding, how those efforts will be received by others around the global, and most important of all, what those changes are likely to mean for U.S. economic, political, and national security interests.

I am encouraged of late by the more deliberative, cautious, and cooperative approach that the administration has adopted in a number of areas—with respect to the recent Palestinian elections, a willingness to cooperate with European efforts to thwart Iran's nuclear ambitions, a wait-and-see attitude toward the Bolivian elections to mention but a few.

I hope this is a signal that the administration has begun to chart a new course—a course that embraces multilateral cooperation and respect for the rule of law, and one that rejects preemption and unilateralism unless vital U.S. interests can only be served by acting alone. I strongly believe that U.S. interests will be more effectively served by this approach.

Again, Madame Secretary, I join with my colleagues in welcoming you to the committee this morning.

RESPONSES OF SECRETARY CONDOLEEZZA RICE TO QUESTIONS SUBMITTED BY THE FOLLOWING SENATORS

QUESTIONS OF SENATOR JOSEPH BIDEN

Question. In the formation of a new Iraqi Government and constitutional review process thereafter, we are in the midst of what may be the last chance to convince Sunni Arabs that they have a stake in the new Iraq.

(a) Please describe your strategy for involving Sunnis in the political process and breaking them off from the insurgency.

(b) How are you coordinating international efforts to pressure the three groups toward creating a government of national unity and making constitutional promises? What actions have you personally taken and do you plan to take to advance these objectives? Have you revisited the idea we discussed during your last appearance—and endorsed by Secretaries Powell, Kissinger, and Shultz—of establishing a contact group that includes the major powers and key Iraqi neighbors?

Answer. (a) As articulated in the National Strategy for Victory in Iraq, we have an integrated approach that incorporates political, economic, and security tracks aimed at building a democratic, pluralistic, and stable Iraq. In partnership with our Iraqi counterparts, MNF–I and the coalition members, we have pursued a strategy to isolate those elements in Iraqi society who can not be won over to participation in the political process, while at the same time engaging those entities who are yet uncommitted to this process. As part of that strategy, we are urging regional leaders to actively engage with influential Sunni Arab Iraqis. Much of our and the U.S. military outreach is focused on Sunni Arabs. I met with their representatives on my last two trips to Iraq.

The ever-expanding circle of players in the current Iraqi political environment, especially among Sunnis, is a good example of how our strategy appears to be taking hold; large numbers of Iraqis participated in both the October referendum and December 2005 election. Strong Sunni Arab participation in both is an indication that our Sunni engagement policy is achieving results. It is worth noting that in reaction to the tragic Samarra shrine bombing and ensuing violence that followed, Iraqi leaders universally condemned the attempt to derail the political process and urged calm and constructive dialogue to ease sectarian tensions. This is still another sign of the growing support for democratic principles emphasizing debate and dialogue over the use of violence and intimidation to achieve political goals. Iraq's leaders have also successfully hammered out major elements of the government framework that can form the basis of a national unity government representing the full spectrum of Iraqi society. Finally, as further evidence that progress is being made, local political leaders are now beginning to talk of mobilizing themselves in preparation for the provincial elections. All of these developments are healthy signs that Iraqis are moving forward to take responsibility for their own futures in a way that respects the diversity of others and rejects the use of violence. The success of our political track approach mutually reinforces our security and economic tracks decreasing dependence on U.S. support.

(b) The USG is committed to actively engaging Iraq's neighbors and all international partners on the future of Iraq and the stability of the region. Though it is the Iraqis themselves who will need to come to an agreement on a government of national unity, a clear and consistent international message regarding the importance of such a government is vital. The international community's political and tangible support for a national unity government, once created, is also essential. With this in mind, we have executed a coordinated diplomatic strategy with Arab and regional countries, coalition members, other partners, and international organizations.

Travel by Department principals to regional and other countries, and outreach to international organizations, NGOs, and international financial institutions are also aspects of our international engagement strategy. Ambassador Khalilzad has promoted engagement on Iraq in visits with Iraq's neighbors including visits to Amman, Riyadh, and Abu Dhabi. The recent Arab League engagement with Iraq, including plans to open an office in Baghdad, and the November Arab League Cairo conference, is another initiative he helped sponsor. We are also very supportive of efforts by regional leaders; here King Abdullah of Jordan deserves special credit to reach out to Iraqis. Foreign ministerial meetings, international summits, bilateral meetings, official visits, and many congressional delegations are also reinforcing our objective of increased international support for an Iraqi Government of national unity. In every appropriate venue, we will continue to urge international partners to support Iraq politically by encouraging political compromise and the creation of a government representative of all Iraq's citizens.

Our current focus on formal international engagement begins with the United Nations, in the Security Council, in a series of high-level "Iraq Strategic Dialogue" talks we conduct with the U.N. Secretariat, and on the ground with our close contacts with the Iraq U.N. Mission. We have agreed with the United Nations to consider a Baghdad-based neighbors and others contact group of ambassadors. We are also working with two regional/international fora on Iraq—the Arab League initiative noted above, which plans a major Baghdad conference later this year, and the World Bank/UNDP-led International Reconstruction Fund Facility for Iraq (IRFFI) efforts to coordinate dozens of key international donors. Several major IRFFI meetings are also planned for this year.

Question. Earlier this month, the committee heard testimony from the State Department, USAID, GAO, and Inspector General Bowen. By most critical measures—electricity, drinkable water, sewage treatment, and oil production—Iraq is actually worse off today than before the war. And billions of dollars have gone missing.

Going forward, it is clear that most of the administration's goals for the reconstruction program will not be met. As security costs rise, a "reconstruction gap" has developed and hundreds of projects may end up unfinished unless additional reconstruction aid is produced in far greater amounts than the $735 million that is contained for Iraq in the FY 2007 budget proposal.

- How will we make up this "reconstruction gap" between projects planned and projects likely to be completed?
- Are the initial goals of the Coalition Provisional Authority still operative, for example, on electricity, oil production, and potable water? When the $18.4 billion has been expended, which of the CPA's goals do you expect to be met and which won't?

Answer. The Government Accountability Office (GAO) and the Special Inspector General for Iraq Reconstruction (SIGIR) have provided valuable suggestions for managing our reconstruction efforts in Iraq. In fact, as SIGIR points out, we will complete fewer construction projects under the IRRF program than initially planned in 2003. There are a variety of reasons for this.

Our reconstruction priorities have changed in response to the evolving situation on the ground and priorities of the Iraqi Government, which has requested smaller projects that are easier to sustain and have an immediate impact on individual communities. For these reasons, the initial CPA goals should not be considered the current measures of success. The increase in insurgent attacks since 2004 has resulted in a greater percentage of IRRF funding being devoted to improving the capacity of Iraqi Security Forces.

Despite many challenges, we have been successful in improving the delivery of essential services to Iraqis in several areas, including the water sector and sewage services, where we have provided access to potable water for an additional 3.1 million people, and access to sewage treatment for an additional 5.1 million people. We have increased immunization of Iraqi children against childhood diseases: Now more than 96 percent of children under the age of 5 have been vaccinated against measles, mumps, rubella, and polio.

In designing the IRRF II program, initially of approximately $15 billion for civilian reconstruction (not counting the initial security forces component of $3 billion placed in the IRRF legislation), the United States was aware that it could not "rebuild" Iraq's infrastructure, which had been run down by decades of mismanagement, war, and tyranny. U.S. assistance programs are helping to build or refurbish the basic infrastructure that will enable Iraqis to significantly expand the delivery of essential services. In addition to ongoing projects, the level of service delivery will be further enhanced by improvements in Iraqi capacity, subsidy reforms, and a decrease in infrastructure attacks as the Iraqi Security Forces continue to improve their ability.

Question. After your October 19, 2005, testimony before the committee, among the questions for the record I submitted to you, I asked that you provide the committee with a breakdown by Iraqi governorate of both obligated and committed U.S. funds across the country. Your response indicated that "the Department will seek to respond to your request for a breakdown of U.S. assistance programs, by governorate, more completely by the end of November." To the best of my knowledge, the committee has still not received this information. Please provide it.

Answer. Last fall, the Department promised to respond to your request for a breakdown of U.S. assistance programs by governorate. We are pleased to provide the attached set of seven maps, which provide an indicative picture of the distribution of construction programs in the following sectors of the Iraq Relief and Reconstruction Fund (IRRF): Electricity; water and sanitation; justice, public safety, infra-

structure and civil society; oil; roads, bridges and construction (including school projects); transportation and telecommunications; and health.

The totals in each of the sectors are current as of February 11, 2006, and do not include overhead or contingency reserve funds, or projects which have not yet been obligated. They also do not include construction contracts issued through the Multinational Strategic Transition Corps–Iraq (MNSTC–I), which deal with the security sector of the IRRF. The distribution may change as remaining IRRF funds are obligated.

IRRF programs are designed, after consulting with Iraqi authorities, first and foremost according to what is needed to facilitate Iraq's transition to self-reliance and prosperity. Equitable geographic distribution is a factor in this process, but is not the sole determinant for any IRRF project.

[EDITOR'S NOTE.—The maps provided could not be converted for print and will be maintained in the committee's permanent files.]

Question. The President's "National Strategy for Victory in Iraq" says that success will depend "*on the conditions on the ground in Iraq.*" (emphasis in original) The Strategy document lists the victory conditions as including: "Progress in the Iraqi political process and the increasing willingness of Iraqis to forge political compromises, consolidation of gains in the training of Iraqi Security Forces, commitment to, and implementation of, economic reforms by Iraqi leaders, increased cooperation of Iraq's neighbors, and expanded support from the international community." You made passing reference to these conditions during your testimony.

(a) What constitutes success in each of these five areas?

(b) What specific metric is the U.S. Government using to determine progress in each of these five areas? How are we performing against these metrics?

(c) What economic reforms have been undertaken by the Iraqi transitional government? In view of the administration, what further reforms are required once a permanent government is seated?

(d) What would constitute cooperative policies by the Syrian and Iranian Governments in Iraq? What, if anything, is the administration doing to promote them? How do you assess current Syrian and Iranian policies in Iraq? Have there been any areas in which Syrian and Iranian Governments have been constructively engaged in Iraq?

Answer. (a&b) The President's "National Strategy for Victory in Iraq" (NSVI) outlines goals and measures progress in Iraq along three tracks: Political, security, economic. The administration provides regular updates to Congress and the American people on our progress to meet these goals and measures, including through the Iraq Weekly Status Report, the Measuring Security and Stability Report, and the U.S. Policy in Iraq Act Report.

Stable, pluralistic, and effective national institutions that can protect the interests of all Iraqis, and facilitate Iraq's full integration into the international community constitutes success in the political track. The metrics used by the USG to measure progress in this area include the number of Iraqis willing to participate in the political process, Iraqi integration into the international community, and political benchmarks set forth by UNSCR 1546 and the Transitional Administrative Law. Building on two prior electoral successes, over 12.2 million Iraqi voters (78 percent of eligible voters) went to the polls on December 15, 2005, despite the threat of violence, to elect a Council of Representatives (CoR), the first step to government formation. The result has been a political process that includes all of Iraq's major communities with broad-based, across-the-board buy-in. We are particularly heartened by both the large Sunni Arab turnout in the December elections especially when compared to the virtual boycott in January 2005, and the productive involvement of the Sunni political leaders, whose groupings won over 20 percent of the parliamentary seats in government formation and program talks.

In an effort to engage more Arab support for Iraq, the Secretary of State's Special Coordinator for Iraq initiated intensive consultations with key Arab States. The November 2005 Arab League meeting resulted in a call for Arab States to cancel or reduce Iraqi debt, increase assistance, and enhance their diplomatic presence in Iraq. International partners, excluding the United States, pledged over $13.5 billion in economic aid at the 2003 Madrid Conference. The United Kingdom, Italy, and others have expressed an interest in the Provincial Reconstruction Teams. Based on the creation of the Iraqi Constitution, successful elections, support from the international community, and movement, albeit slow, on formation of a unity government in Iraq, the USG has seen substantial progress in the political track.

Along the security track, an Iraqi Security Force (ISF) capable of independently providing security and maintaining public order in Iraq constitutes success in this track. The USG uses specific metrics to track progress including, the number of

trained and equipped ISF personnel, readiness of operational units, percentage of operations conducted by Iraqis alone, and ISF progress in assuming battle-space control. As of March 20, there were more that 111,000 trained and equipped soldiers, sailors, and airmen. More than 89,000 police have been trained and equipped. Overall, more than 250,000 Ministry of Defense and Ministry of Interior forces have been trained and equipped. Currently, 49 Iraqi Army battalions now control their own battle space. Today, much of Baghdad is under ISF control along with Najaf and Karbala as well as parts of other provinces. The increased capabilities of the ISF, particularly the army, were illustrated in their efforts to prevent violence from escalating after the February 22 Samarra bombing. Based on these and other metrics, the USG has seen steady progress along the security track.

Success along the economic track is constituted by the capacity of Iraqi institutions to maintain essential services, rejoin the international economic community, and improve the general welfare of all Iraqis. Success along this tract is measured by GDP, per capita GDP, rate of inflation, provision of essential services such as water and electricity, barrels of oil produced and exported, numbers of businesses opened, and employment levels, along with progress of the reform agenda described in (c) below. There have been some notable successes in the provision of essential services thanks to U.S. funded projects, including increasing access to fresh water for 5.1 million Iraqis and to sewage facilities for 3 million Iraqis. U.S.-funded projects have also supported nationwide vaccinations against measles and rehabilitated approximately 30 percent of Iraq's schools. The impact of U.S.-funded projects in the oil and electricity sectors have been reduced by insurgent attacks. Despite terrorist efforts, Iraq's economy grew from $18.9 billion in 2002 to $33.1 billion in 2005. The IMF estimates that the real GDP grew by 2.6 percent in 2005 and expects it to grow by 10.4 percent in 2006, with commensurate growth in per capita GNP, and a recent significant drop in unemployment. While the Iraqi economy continues to be overwhelmingly dependant on oil, other sectors are developing, including services and trade. Ongoing U.S. assistance projects will help Iraq enact economic reforms needed to sustain long-term growth, including commitments under the IMF Stand-By Arrangement and reforms needed to join the WTO.

(c) Since 2003, Iraq has implemented a new stable currency, negotiated a historical debt relief agreement with the Paris Club, started the process of acceding to the World Trade Organization, successfully concluded an Emergency Post Conflict Agreement with the IMF, and negotiated a follow-on standby arrangement. As part of its agreements with the IMF the government undertook several economic reform initiatives. It legally established the independence of the Central Bank, and commissioned an outside audit of the Central Bank. It started reform of the national budget accounting process, moving from the current manual system to a modern electronic system that meets international standards. It took a major first step to reform Iraq's distorting fuel subsidy program by raising prices for all fuel products last December, many by a factor of 500 percent. It is developing a national payments system that will link the Central Bank to commercial banks, improving efficiency in the banking system and strengthening bank supervision capabilities.

There are several priority items for continued economic reforms. The first is increasing budget transparency by adding meters on oil production, improving fiscal discipline in the ministries, and improving ministerial capacity to manage contracting. Second, the independent government auditing institutions, Board of Supreme Audit, Commission for Public Integrity, and the inspectors general need to be strengthened. Third, Iraq needs to continue its subsidy reform efforts to bring fuel prices to regional market levels and to eliminate the government monopoly on importing refined fuels. At the same time, it must continue development of a social safety net to shield vulnerable populations from the impact of these price increases. Finally, to encourage investment (both foreign and domestic) the government needs to carry through on legal reform of its commercial code as outlined in its Foreign Trade Memorandum to the World Trade Organization and it needs to reform and modernize the moribund banking sector.

We are working with the government to support their efforts to implement these priority reforms.

(d) The Syrian Government has not yet taken sufficient steps to better secure the Syria-Iraq border and stop the transit of foreign fighters to Iraq. Syria remains a transit point for anticoalition elements traveling to Iraq, both Iraqi Former Regime Elements and foreign fighters, although Syria has tightened visa entry controls at airports on our urging. Syria must stop its territory from being used by those seeking to destabilize Iraq and the region.

Syria must arrest former Iraqi regime officials who are supporting the Iraqi insurgency from Syrian territory and hand them over to the Iraqi authorities, just as they handed over Sabawi Ibrahim Al-Hasan Al-Tikriti on February 24.

Syria has made some progress on its economic commitments with Iraq. It returned the $262 million in Iraqi assets that were held by the Commercial Bank of Syria to the Development Fund for Iraq. However, approximately $580 million in disputed claims have yet to be finally resolved. The Syrian and Iraqi Governments signed a Memorandum of Understanding on this issue, and working-level discussions have begun on the disputed claims. The Syrians insist on a formal high-level trip from the Iraqis before establishing formal diplomatic relations, which may speed up work on economic disputes.

Finally, terrorist financiers continue to operate from Syria in support of the Iraqi insurgency, a problem that the Syrian Government has not yet addressed. Syrian obstruction has prevented the resolution of a number of outstanding commitments in Iraq, from economic obligations to border security.

We continue to pressure Syria to stop the flow of insurgents, weapons, and financing to Iraq by isolating Syria diplomatically and encouraging the international community, particularly the Arab League, to do so as well. We continue to train and equip ISF to police the Iraq-Syria border and are both building new and refurbishing old Iraq-Syria border crossings.

Iranian behavior is counterproductive to the establishment of peace and security in Iraq. The USG strongly objects to Iran's support for militant groups in Iraq, including the provision of explosives-related equipment and technology. For several months, Ambassador Khalilzad has had the authority to engage with his Iranian counterpart in Iraq to discuss our concerns about Iranian actions that negatively impact Iraq's internal security, but for various reasons no talks have as yet taken place. We will also continue to work closely with the Iraqi Government to address all issues related to Iraq's security and stability.

Question. The administration reportedly has decided not to move toward a free trade agreement with Egypt at this time, in part because of the Mubarak government's failure to hold free and fair elections and its arrest of opposition leaders.

- What specific steps would you encourage Egypt to take to make an FTA possible?

Answer. A free trade agreement with Egypt is a key component of the President's vision for a Middle East Free Trade Area (MEFTA) by 2013, and remains a priority obective for the administration.

I will be traveling to Cairo next week to speak with President Mubarak, including about a possible free trade agreement. When I am there, I will stress that the United States enjoys an important strategic relationship with Egypt. There has been real progress on domestic economic and political reform in Egypt during the last 8 months, but I will note that there have been disappointments and setbacks as well. I will talk candidly about these with Egypt—as a friend, not as a judge. But as a friend, I will emphasize that we want to see an Egypt that is fully developing politically and along the lines of reform as well, and we will discuss the future of this reform.

We are still discussing and will continue to talk about the FTA with Egypt. The timing to announce the intention to begin negotiations is not right just now, but we want to have an FTA with Egypt because we believe that it will make a difference to economic reform and ultimately the economy in Egypt.

A key message that I will carry is that Egypt is a country of greatness, and the Middle East region needs this country to be at the center of positive change.

Question. Last year, you told the committee that "The United States is not prepared to tolerate a nuclear-armed North Korea." North Korea's stockpile of fissile material has grown dramatically over the past 3 years, and the former Director of the Defense Intelligence Agency, Vice Admiral Lowell Jacoby, told a Senate committee last spring that North Korea can arm a missile with a nuclear warhead. You have also stated to this committee that, in dealing with this threat, "We cannot accept another partial solution that does not deal with the entirety of the problem . . ."

(a) How long will the administration tolerate North Korea's possession of nuclear weapons?

(b) Do you believe deterrence and containment are adequate policies to deal with North Korea? What, if any, new policy approaches are you considering?

(c) Do you believe there are any viable military options to eliminate North Korea's nuclear programs?

(d) Are there any circumstances under which what you have called a "partial solution" would be preferable to no solution at all? Is a "partial solution" incompatible with pursuing a lasting, permanent solution? Could not a "partial solution" be a step toward a complete solution?

Answer. (a) For over a decade, the United States has assessed that North Korea has produced enough plutonium to make one or more nuclear weapons. Our objective remains the complete, irreversible, and verifiable elimination of the DPRK's nuclear weapons and nuclear programs. We are pursuing that objective through the multilateral diplomacy of the six-party talks. All six parties (the United States, China, Russia, Japan, South Korea, and North Korea) have agreed on the goal of denuclearization of the peninsula.

(b) The September 19, 2005, Joint Statement of Principles contains all the elements of a comprehensive solution that advances the interests of all parties—economic, political, security. For the DPRK, in the context of its complete denuclearization, these include steps toward normalization of diplomatic relations subject to bilateral policies, provision of energy and other types of economic assistance, and enhanced security. In addition, the directly related parties agreed to negotiate a permanent peace regime on the peninsula in an appropriate separate forum. We have made clear that the process that would lead to the DPRK's realization of these benefits will not move forward until it returns to the table so that the process of denuclearization and implementation of the principles can begin.

(c) When it comes to protecting our national security, no option is off the table.

(d) Our fundamental objective is the complete, irreversible, and verifiable elimination of the DPRK's nuclear weapons and nuclear programs. Our policy is to achieve this objective through the implementation by all parties of all the provisions of the September 19, 2005, joint statement. We will also continue to take concrete action to protect ourselves and our allies against any illicit and proliferation activities by the DPRK.

Question. The Eugene Bell Foundation has just launched a new people-to-people initiative (Saemsori) designed to facilitate reunification visits for Korean Americans with their North Korean relatives. There are 2 million Korean Americans, and experts estimate that perhaps as many as 250,000 of them have relatives in North Korea. Another American nongovernmental organization (NGO), Amigos International, is completing construction of a private university in Pyongyang, the Pyongyang University of Science and Technology, to be staffed largely by American faculty. Amigos International also has several small-scale agricultural training programs underway inside North Korea.

(a) Does the State Department support these efforts?

(b) What specific steps will the State Department take to assist the efforts of these and other NGOs engaged in humanitarian outreach to the North Korean people?

Answer. (a) The State Department welcomes efforts by American and other NGOs aimed at bettering the lives of the North Korean people.

(b) Other than strictly humanitarian aid, most types of U.S. assistance to North Korea are prohibited. The United States has been the largest contributor of humanitarian food assistance to the DPRK through the World Food Program, contributing about 2 million tons over the last 10 years.

We are prepared to consider funding for proposals for humanitarian assistance from NGOs. However, current limitations imposed by Pyongyang on access and monitoring by international aid organizations and NGOs make it very difficult to assure that the humanitarian assistance we might give would reach its intended recipients.

We have made clear to the DPRK that full implementation of the September 19, 2005, Joint Statement of Principles the six parties unanimously adopted in Beijing would transform the nature of the relationship between our two countries in a way that would make it possible for us to consider other forms of assistance to improve the lives of the North Korean people. We remain prepared to discuss implementation of the provisions of the joint statement, but the process, cannot move forward until the DPRK returns to the table.

Question. Indonesia has arrested eight suspects in the 2002 Timika murders.

- Will the administration continue to press the Indonesian authorities to ensure that all those responsible for the Timika murders are brought to justice?
- Are you confident that Indonesia will follow the evidence, wherever it may lead?
- Will the FBI continue to participate actively in the investigation and monitor the prosecutions?

Answer. The Department of State continues to work closely with the Government of Indonesia on this case, in the interest of achieving justice for the death of all the victims, including both Americans and Indonesians. The Ambassador and senior Department officials remain in close contact with Mrs. Patsy Spier, who was wounded

in the August 31, 2002, attack and widow of one of the American citizens killed in the attack.

Both the U.S. Government and Mrs. Spier have impressed upon Indonesian officials the importance of achieving justice through a fair and credible trial. President Yudhoyono has vowed to follow through and has repeatedly expressed and demonstrated his determination to see that justice is served.

After the January 11 arrests, the Government of Indonesia assured the U.S. Ambassador that cooperation with the FBI on this case would continue; it has. The Indonesian National Police is collaborating closely with the FBI and the U.S. Department of Justice in the investigation. The Indonesian Embassy in Washington also arranged for Mrs. Spier to meet with the Indonesian Attorney General and Justice Minister in March during their visit to the United States.

Question. President Bambang Yudhoyono has expressed his strong support for reform of the armed forces, and has already taken significant steps to advance democratic reforms, fight corruption, and improve the professionalism of the Indonesian Arny.

(a) What steps will the administration take to promote reform of the Indonesian Armed Forces?

(b) Will you press for an end to the impunity often enjoyed by members of the army? Specifically, will you press the Government of Indonesia to hand over General Wiranto, who has been indicted by an international tribunal for his role in crimes committed by Indonesian Army units in East Timor? If not, why not?

Answer. (a) The administration is actively assisting the Indonesian Armed Forces to continue its internal reform process toward becoming a modern, professionalized force that respects the rights of its citizens and is accountable to civilian authority. Our mil-mil assistance and engagement program with the Indonesian Government, including IMET, FMF, JCETs, and other assistance is designed to emphasize and facilitate such reform. Even more importantly, we are working on many fronts to enhance civilian oversight of the military, including strengthening the Indonesian Department of Defense (especially with respect to managing defense resources), the Indonesian Legislature, and civil institutions, including the media. This year the USG will provide over $140 million in assistance to civil society and less than $2 million in military assistance (IMET and FMF).

In February 2005, after a determination by Secretary Rice that Indonesian authorities were cooperating with the FBI in the Timika investigation, the administration reinstated International Military Education and Training (IMET) assistance for the Indonesian military. By exposing promising military officers to U.S. standards for military professionalism and respect for human rights, the IMET program is a critical component of the U.S. Government's efforts to promote reform of the Indonesian Armed Forces.

The November 2005 national security interest waiver of congressional restrictions on Foreign Military Financing and lethal defense exports has allowed the administration to begin constructively engaging a reforming Indonesian military in a climate of trust. However, it does not mean that the floodgates to advanced U.S. military hardware have been thrown wide open. All requests for military assistance to Indonesia are considered case by case. Each applicant for U.S. training is thoroughly vetted for human rights abuses in accordance with Leahy guidelines.

The administration shares congressional concerns regarding respect for human rights, accountability, and civilian control of the Indonesian military. As we normalize our military relations with Indonesia, we continue to stress, both privately and publicly, that military reform and accountability are essential. Indeed, we have more opportunities to do that now, because we are in more frequent contact with the civilian government and the military. Additionally, the Yudhoyono government is becoming more receptive to such engagement since we are no longer perceived to be publicly criticizing Indonesia. In her March visit to Jakarta, Secretary Rice discussed military reform with President Yudhoyono and highlighted its importance in her speech at the Indonesian Foreign Ministry. We have made it clear that mil-mil normalization is dependant upon the Indonesian military's continued reform efforts.

(b) The overall human rights situation in Indonesia has continued to improve over the past year. Significant problems remained—particularly in areas of separatist conflict—but the end of the country's long-running internal conflict in Aceh Province was a major step forward. Indonesia has made limited progress in establishing accountability for numerous human rights violations committed by the security forces, and this is a key area for improvement. There is evidence that the TNI has been willing to punish soldiers who have committed abuses during the conflict in Aceh, including a total of 160 convictions for human-rights-related offenses in 2004 and

2005. However, as enumerated in the annual State Department Human Rights Report, many cases of abuses remain unresolved.

Achieving accountability and ending the culture of impunity for members of the Indonesian security forces is critical for the long-term success of Indonesia's democratic transformation. The USG continues to emphasize the need to achieve credible accountability for atrocities committed in East Timor in 1999, including any member of the Indonesian military who may have been responsible. After the failure of previous efforts to punish those responsible, Indonesia and East Timor have established the Indonesia-East Timor Truth and Friendship Commission (TFC). The administration has emphasized to both Indonesia and East Timor that, in order to be credible, the TFC must name the names of the perpetrators, be transparent, hold public hearings, involve the international community, and protect witness confidentiality. The administration will continue to work with our Indonesian and East Timorese democratic partners to strengthen support for justice within their societies. We are also awaiting the U.N. Secretary General's briefing to the Security Council on the U.N. Commission of Experts report submitted in May 2005.

Question. South Korea: South Korea is not currently a member of the Visa Waiver Program (VWP), but the administration has announced the creation of a "roadmap" to facilitate Korea's efforts to qualify for the VWP. South Korea is the world's 11th largest economy and our 7th largest trading partner, and almost a million South Koreans travel to the United States every year. Yet we have only one place for South Koreans to apply for visas in South Korea, and the Consulate in Seoul is the busiest United States Consulate in the world.

(a) How close is Korea to qualifying for the VWP? Where is South Korea still deficient? What steps is the Department taking to assist ROK in qualifying for the Visa Waiver Program? How quickly do you believe South Korea will be able to qualify?

(b) Do you support reopening a Consulate in Pusan, not only to improve visa services, but also to better represent U.S. interests in Korea and expand our presence in this vital treaty ally? If not, is it a matter of resources or policy?

(c) What is your plan to strengthen consular services in South Korea to meet the growing demand for nonimmigrant visas?

Answer. (a) Designation to participate in the Visa Waiver Program requires that Korea meet legislative criteria including a low visa refusal and traveler overstay rate and a determination that U.S. security and law enforcement interests would not be negatively impacted by Korean participation in the program. We recognize Korea's work toward meeting some VWP legislative criteria including sharing lost and stolen passport data and the development of a biometric passport.

Presidents Bush and Roh included the creation of a Visa Waiver Program roadmap for the ROK in their Joint Declaration In Gyeongju in November and we are working to finalize this roadmap. The U.S. Embassy in Seoul and the ROK's Ministry of Foreign Affairs have established a Visa Issues Working Group that meets quarterly to discuss consular issues of mutual concern, including steps the ROK would need to take to meet the requirements for inclusion in the Visa Waiver Program.

(b) The Department is considering the establishment of a small limited-purpose presence in Pusan, but no decision has been made at this time. However, these one- or two-person offices (designated as an American Presence Post) generally do not issue visas or provide routine consular services.

(c) Seoul's consular section has upgraded its facilities and added staff to process Korean applicants more quickly and efficiently. Last year, we processed 400,000 visa applications, an increase over the previous year. Appointment wait times have dropped substantially, to 3 days currently, from 30 days a year ago.

Question. Since taking office, President Bush has generally pursued a policy of quiet, personal diplomacy when managing the United States relationship with Russia. However, a number of recent developments raise serious concerns about whether this approach is yielding dividends. As you know, in the last few years, the Russia Government has restricted the work of nongovernmental organizations, consolidated control over Russia's political system and natural resources, virtually eliminated independent broadcast media outlets, interfered in the elections and economies of neighboring countries, and offered to negotiate with the leadership of Hamas. How much longer do current trends in Russia need to continue before the administration reevaluates its approach to dealing with Moscow?

Answer. The United States constantly reevaluates its dynamic relationship with Russia and other countries, in keeping with the Department of State's mission to "create a more secure, democratic, and prosperous world for the benefit of the American people and the international community." Such review is an ongoing process.

We are troubled by trends within Russia, especially with respect to democracy and human rights, and have expressed those concerns to Russia, both publicly and privately. The United States and its allies, for example, actively communicated their concerns during the course of debate on the new NGO law that President Putin signed in January. We are closely observing the process of its implementation, and have emphasized to Russian officials the importance of fair, transparent, and consistent application of the law so as to foster, rather than hinder, the vital work NGOs perform. We seek the same transparency, and hold the same frank dialogue, in discussing domestic and international issues with Russia.

President Bush has repeatedly stressed—most recently at Freedom House March 29—that it is critical "for the United States to be in a position to be able to express our concerns" to Russia, and that this involves a relationship of engagement enabling "candid conversation." Those conversations do not always immediately lead to our desired outcome, but they allow America's voice and concerns to be heard loud and clear.

Question. When you were in Moscow last April, you said (in an interview with CBS): "What we need to do is to be very clear with the Russians that the deepening of United States-Russia relations is in large part dependent on common values and on continued democratic development in Russia." Since then, you have been candid about the setbacks to democracy in Russia, from its crackdown on NGOs to Putin's centralization of power—stating recently that Russia seems to be "going in the wrong direction" with respect to democracy. And yet you have also said that the United States has "very good relations with Russia, probably the best relations that have been there for quite some time." If improved U.S. relations with Russia depend on continued democratic development there, then how can our relationship be the best it has been for quite some time?

Answer. The United States is deeply concerned and very candid about setbacks to democracy in Russia. We regret that President Putin has pursued policies in many ways inimical to the robust evolution of Russian democracy. We have clearly and repeatedly expressed our concerns about specific areas where Russia's policy—such as the new NGO law or the decision to appoint rather than elect regional governors—stymies democratic development. We have publicly urged Russia to embrace democratic development more vigorously.

But, as I stated in an interview in February, it is also important to maintain some historical perspective on the remarkable changes we have seen in Russia during the past 15 years. "Obviously we are very concerned, particularly about some of the elements of democratization in Russia that seem to be going in the wrong direction. [But this] is not the Soviet Union; let's not overstate the case. I was a Soviet specialist. I can tell you that Russia bears almost no resemblance to the Soviet Union."

President Bush has also 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 engaging with Russia in frank discussion, aware that this path may not yield immediate solutions, but still promises the best long-term way of achieving the kind of cooperative bilateral relationship we are seeking with Russia on many of our key strategic interests.

Question. In the last year, the Government of Uzbekistan massacred several hundred unarmed antigovernment demonstrators in the city of Andijan, cracked down on all forms of dissent in the country, and expelled U.S. forces from their base in southern Uzbekistan, though the mission they were supporting in Afghanistan was far from over. Since then, the administration has condemned the Uzbek Government's actions and aided Uzbek citizens seeking refuge in third countries.

(a) What concrete steps has the administration taken since the Andijan massacre to pressure the Uzbek regime to change its policies?

(b) Why has the administration not followed the European Union in imposing targeted sanctions against the Uzbek leaders responsible for the massacre?

Answer. (a) In response to the Andijan events, the U.S. immediately and repeatedly called for an independent, international investigation. We also undertook an immediate review of U.S. assistance to Uzbekistan. As a result, aid to the Government of Uzbekistan was severely limited; numerous military, border security, and economic reform assistance programs were canceled. Approximately $3 million of these funds were reprogrammed to support additional democracy and human rights programs in Uzbekistan. When allowed, the United States monitored the cases and trials of dissidents and political opponents of the Government of Uzbekistan, includ-

ing those accused of involvement in Andijon. The United States also supported and voted for a U.N. Third Committee resolution on Uzbekistan.

(b) We note the European Union's decision to impose sanctions on the Government of Uzbekistan for its failure to heed calls from the international community, including the United States, to allow an independent, international investigation into the tragic May 2005 events at Andijan.

We do not rule out the potential of imposing our own sanctions on Uzbekistan, should respect for democracy and human rights continue to deteriorate. We have repeatedly stressed to the Government of Uzbekistan that our bilateral relationship must include genuine progress on human rights and democracy.

Question. According to the Office of the Inspector General (OIG Report No. ISP–I–06–13A, Inspection of Embassy Kabul, Afghanistan, January 2006, pp. 39, 41), in September 2002 the Department awarded a $115 million cost-plus contract for embassy construction to the firm Kellogg Brown and Root (KBR). At the time of inspection, the construction had been drastically reduced in scope, was nearly a year past its original completion date (December 2004), had already cost $147 million (28 percent more than the originally agreed amount), and had produced "work that is below acceptable standards."

- Do you consider KBR's record for work done on Embassy Kabul to be satisfactory?
- Does KBR remain on the list of preapproved contractors eligible to bid on embassy construction projects?

Answer. The OIG report stated that, "Despite concerted efforts by Overseas Building Operations (OBO) personnel on site to hold KBR to high standards, OIG became aware of some finish work that is below acceptable standards." (p. 41.) The OIG visit coincided with issuance of a certificate of substantial completion. As is standard in the construction process, those items not meeting standards were placed on a "punch list" for the contractor to correct.

With regard to cost and schedule, the contract was originally awarded on a cost reimbursement basis because it was determined that no contractor would be able to assess the logistic and security risks associated with the construction without including enormous contingencies in a fixed-price bid. When it became apparent that the original cost estimate would be substantially exceeded and the contractor had obtained detailed familiarity with the work and conditions, OBO negotiated a contract modification with KBR to convert the contract to firm, fixed-price in order to preclude any further price escalation.

As with other contractors that are eligible to bid embassy construction projects, KBR participated in a source selection evaluation process that deemed the firm eligible to compete for additional work. Firms do not simply "remain" on a list of approved contactors but rather are evaluated against many factors including past performance each fiscal year.

Question. By letter dated February 4, 2005, other Senators and I wrote to express concern that the administration would seek authority in the FY 2005 supplemental for the Department of Defense to train police forces of other countries, including the Afghan national police. You replied on March 25, 2005, stating that the funds requested in the FY 2005 supplemental for acceleration of the Afghanistan police training program would be "directed to the Department of State, which is the agency currently responsible for implementing this program."

- Is it still the case that the Department of State is responsible for the Afghanistan police training program, or is the Department of Defense the lead agency? If it is the latter, what is the current role of the Department of State with regard to this function?

Answer. Public security and the rule of law are critical for all future rebuilding efforts and for providing long-term stability to the people of Afghanistan. The goal of the USG Afghanistan Police Program (APP) mission is to help Afghanistan develop a competent, professional, democratic police force with the necessary training, equipment, infrastructure, institutional capacity and organizational structure to enforce the rule of law in Afghanistan.

In April 2005, Embassy Kabul reported on the arrangement State and DOD reached to ensure that security sector reform efforts in Afghanistan are closely coordinated. State and DOD agreed that the Office of Security Cooperation—Afghanistan (OSC–A) would be established with program implementation and oversight responsibility for all security sector programs—including the Afghanistan Police Program (APP). OSC–A has since changed its name to Combined Security Transition Command—Afghanistan (CSTC–A), but State and DOD's APP responsibilities remain the same.

- INL continues to be responsible for implementation of training, mentoring, and reform programs;
- The Chief of Mission continues to develop policy guidance; and
- DOD provides integrated oversight for implementation on the ground.

The Ambassador and the CFC–A Commander work very closely together to monitor all aspects of APP development, and there is strong interagency cooperation and coordination between DOD and State on this program.

Question. Please explain in detail what assistance we are asking NATO to provide the African Union (AU) Mission in Sudan in advance of the deployment of a United Nations peacekeeping mission for Darfur? How does what we are requesting NATO to provide in advance of a U.N. mission in Darfur differ from what NATO is already doing to help the AU?

Answer. The United States strongly supports expanded NATO assistance to the African Union Mission in Sudan (AMIS). A precisely targeted assistance mission focusing on capacity-building and mentoring of AMIS headquarters elements during the transition to a U.N. force in Darfur could help increase AMIS capability. NATO should concentrate its assistance for AMIS headquarters on hands-on training and staff capacity-building with particular focus on helping the AU establish a Joint Operations Center (JOC) and a Logistics Coordination Hub in Darfur. NATO personnel could deploy to AMIS headquarters to conduct courses on the structure and operation of a JOC and logistics hub and then remain in place to mentor AU staff officers. Additionally, the Alliance could consider the provision of intelligence and expanding capacity-building to AMIS sector headquarters in Darfur.

Finally, NATO would continue to airlift AU troop contributions into Sudan. If approved by the North Atlantic Council and the African Union, these assistance options would represent a significant increase in NATO support to AMIS. Previously, NATO had airlifted 7 AU battalions, provided 14 NATO personnel to train 125 AU staff officers in El Fasher and Addis Abba, and supported a U.N.-run training exercise. The measures currently under consideration at NATO would provide more NATO personnel training a greater number of AU officers for longer periods of time with the option of continued mentoring after training concludes. In particular, expanded capacity-building to AMIS sector headquarters outside of El Fasher could significantly improve AMIS's ability to coordinate and manage the mission in Darfur.

Question. Are there currently legislative impediments that prevent the United States from providing certain types of assistance that the administration feels are necessary to support the Government of Southern Sudan (GOSS)? If so, please explain what the impediments are, and what assistance, specifically, the United States has been prevented from giving to the GOSS. Will the administration consult with Congress to ease restrictions that it feels prevents provision of assistance to the GOSS?

Answer. The United States foreign assistance to Sudan is subject to numerous legal restrictions that result in significant delays in providing assistance to the Government of Southern Sudan. Restrictions have the most impact on exports of defense articles or services or other exports that may require a Presidential waiver and congressional notification due to Sudan's designation as a state sponsor of terrorism. Providing timely assistance to transform the Sudan People's Liberation Army from a guerilla force into a viable army is key to developing long-term security in Southern Sudan. Additional authority would allow us to provide military and defense assistance to the South and the GOSS more readily. The administration has consulted with Congress on this matter and will continue to work with Congress to ensure that we are able to provide effective assistance to the GOSS.

Question. The "Summary and Highlights" of the Function 150 budget issued by the Department indicates that Development Assistance will fund programs in stable developing countries that are "committed to promoting economic freedom, ruling justly, and investing in people."

(a) These criteria have been used in the Millennium Challenge Account. Are they now to be used also with regard to all development assistance? Please explain in detail how a country's commitment to these criteria will be measured.

(b) Does this mean that our foreign assistance program dollars will not be used to support programs designed for such things as developing clean water treatment activities, enhancing girls' education or enhancing democracy in countries that are too poor to sufficiently "invest in people," or that have governments that are not democratic?

Answer. (a) Development Assistance funds will be used to fulfill the objectives of "ruling justly," "investing in people," and "encouraging economic freedom." A country's commitment to these criteria will be measured by the same indicators introduced with the Millennium Challenge Account, which will now be applied to all U.S. Government assistance. For governing justly and democratically, these indicators include: Civil liberties, political rights, voice and accountability, government effectiveness, rule of law, and control of corruption. For economic growth, these indicators include: Cost of starting a business, 1-year consumer price inflation; fiscal policy, trade policy, regulatory quality, days to start a business. For investing in people, these indicators include: Public expenditures on health as a percent of Gross Domestic Product (GDP), immunization rates for diphtheria, pertussis, tetanus (DPT3) and measles, public primary education spending as a percent of GDP, and girls' primary education completion rate.

(b) Development Assistance (DA) funds will be used to help countries, including those with a gross national income per capita of less than $3,255, to achieve improvement in country performance, measured by the indicators listed above. Focusing DA funds toward achieving the objectives of ruling justly, investing in people, and enhancing economic freedom does not preclude support for programs such as developing clean water treatment activities, enhancing girls' education, or enhancing democracy under the new framework.

Question. What consultations has the Department undertaken with private voluntary organizations about your plans for transforming the foreign aid structure? If you have not undertaken any, do you plan to do so?

Answer. The Department recognizes the valuable role that private voluntary organizations play in implementing U.S. foreign assistance funds. Staff from the Office of the Director of Foreign Assistance will keep key private voluntary organization representatives abreast of the changes that are happening with regard to the foreign aid structure.

Additionally, the Director of Foreign Assistance, Ambassador Randall L. Tobias, will address the organization, InterAction, a coalition of more than 160 humanitarian organizations, as the opening keynote address at their annual conference on April 10, 2006. During this speech he will discuss his vision for the future of foreign assistance and take questions and answers from the attendees.

Ambassador Tobias will also address the Advisory Committee on Voluntary Foreign Aid, which includes representatives from universities, international nongovernmental organizations, U.S. businesses, and government, multilateral, and private organizations. During this session, he will lay out the new foreign assistance framework and address questions from the participants.

Question. Section 1206 of the National Defense Authorization Act for fiscal year 2006 authorizes the Secretary of Defense to conduct or support a program to build the capacity of a foreign country's national military forces. You were given a role, by statute, in the process.

(a) Is it expected that this authority will be exercised in FY 2006? If so, when?

(b) Which office or offices of the Department will be involved in carrying out your authority under this provision?

(c) In which countries will this authority be exercised?

Answer. (a) The Department of State is playing a major role in deciding how the section 1206 train-and-equip authority is used. We've been working closely with our colleagues in the Department of Defense in formulating plans to be exercised in FY 2006. We expect to soon forward these proposals to the President for his consideration.

(b) The Bureau for Political-Military Affairs is the State lead in jointly formulating plans to use section 1206 authority. Within State, they have worked closely with all of the regional bureaus in developing the proposals.

(c) Our recommendation to the President will include proposals in a number of geographic regions. As soon as the President has made his decisions, we look forward to briefing Congress on the specifics of the approved proposals.

Question. On September 26, 2005, the President issued Presidential Determination No. 2005–38. The determination waived the application of section 575 of the FY 2005 Foreign Operations Appropriations Act, "as well as any provision of law that is the same or substantially the same as such provision, including subsequently enacted provisions."

- What is the legal basis for the authority to make a determination made with regard to a future, as yet unenacted, law?

Answer. Section 575 of the FY 2005 Foreign Operations, Export Financing and Relation Programs Appropriations restricts assistance for Saudi Arabia. The President exercised the waiver authority provided, certifying that Saudi Arabia is cooperating with efforts to combat international terrorism and that the proposed assistance will help facilitate that effort. Pursuant to this waiver, limited IMET funds appropriated in FY 2005, but which were "no-year" funds, were obligated for Saudi Arabia earlier during this calendar year.

Although the determination contained the clause referred to, the FY 2006 FOAA provides an identical restriction and waiver authority, in section 582, which is comparable to section 575 of the FY 2005 FOAA. The administration has not as yet proposed any FY 2006 funds for Saudi Arabia and thus has not had to apply section 582. Were there a desire to provide assistance to Saudi Arabia using funds appropriated under the FY 2006 FOAA that are restricted by section 582, we would recommend that a waiver of section 582 be pursued at such time.

Question. By the administration's estimates, the President's request for Child Survival and Health programs for FY 2007, if enacted, would mean a $211 million cut in programs that provide health, nutrition, water and sanitation programs, immunizations and assistance for children displaced or orphaned by causes other than HIV/AIDS. What specific programs and in what countries is the administration suggesting cuts for and why have those programs and countries been targeted for cuts?

Answer. The FY 2006 appropriation for the Child Survival and Health Programs Fund (post-rescission) is $1,569.150 million and the FY 2007 request is $1,433.000 million. The FY 2007 request is $136.150 million below the FY 2006 enacted level. The primary reduction in funding is the Agency's contribution to the Global Fund to Fight AIDS, TB, and Malaria. The FY 2006 enacted level for the Global Fund is $247.500 million and the FY 2007 request is $100 million. The FY 2007 consolidated USG request for the Global Fund is $300 million; $100 million each from the Department of State, USAID, and the Department of Health and Human Services.

Question. The administration has requested nearly $1 billion more for programs under the Global HIV/AIDS Initiative. All of the increases over the fiscal year 2006 projected budget appear, however, to be channeled toward the President's Emergency Plan for AIDS Relief (PEPFAR), which covers only 15 countries. The administration appears to be requesting $25 million less in fiscal year 2007 for non-PEPFAR countries than was appropriated for this fiscal year. Does the administration project that the HIV-infection rates and/or the number of HIV-infected people in all of the nonfocus countries will decline? Why isn't the administration asking for an increase in funding to combat HIV/AIDS in nonfocus countries?

Answer. The overall request for PEPFAR funding in fiscal year 2007 is up dramatically, from approximately $3.2 billion in fiscal year 2006 to $4 billion. Within this overall increase, priority was placed on the focus countries. Without the fiscal year 2007 level of funding for the focus countries, it will not be possible to meet the 2-7-10 goals established by the President and Congress.

At the same time, however, the request does include a modest increase from the fiscal year 2006 enacted level of funding for bilateral programs in other countries (from $425.6 to $432.7 billion, not including funding for research). Beyond the focus countries, the Emergency Plan targets $5 billion over 5 years to support HIV/AIDS programs in an additional 108 countries, international research, international partnerships (including the Global Fund), and other activities. In fiscal year 2005, PEPFAR directed $293 million to HIV/AIDS program activities in these 108 nations.

The President's fiscal year 2007 request for the focus countries is, in part, an attempt to recover from the effects on focus country programs of the redirection of almost $527 million from focus country programs to the Global Fund and to other bilateral programs over the Emergency Plan's first 3 years. Of these three broad areas of the Emergency Plan, funding for the focus countries, originally planned to be $10 billion over 5 years, is the only one which has not been funded at the planned level overall to date. Other USG programs, including those beyond the focus countries, are on track to meet the $5 billion target level over 5 years as originally envisioned for the Emergency Plan.

Question. I am deeply concerned by our budget to support U.N. peacekeeping missions. Both this year and in 2007. Assistant Secretary Silverberg has spoken about a $500 million shortfall for this year, such that we will run out of money to pay our peacekeeping assessments this summer.

- How is the Department going to handle this shortfall for the CIPA account in fiscal year 2006?
- The President's funding request for U.N. peacekeeping in fiscal year 2007 is only slightly higher than that for last year, at $1.14 billion. Yet the U.N.'s total

budget will increase next year, given the anticipated mission in Darfur. Why is there not a higher request for fiscal year 2007?

Answer. The shortfall for FY 2005 of $145.010 million and the projected shortfall for FY 2006 of $376.752 million totals $521.762 million. The FY 2006 supplemental budget contains a request of $69.8 million for the CIPA account for Sudan/Darfur as well as language providing transfer authority from the Peacekeeping Operations request which, in total, would offset a total of $129.8 million in the above total for a net shortfall of $391.962 million at the end of FY 2006.

We expect that there will be no new shortfalls in FY 2007, i.e., that the request will be sufficient to pay FY 2007 assessments. We have asked for an increase in FY 2007 funding for Sudan operations in anticipation of the United Nations taking over operations in Darfur.

Question. As you know, a law limiting our payments for U.N. peacekeeping to 25 percent has gone back into effect. We are now accruing arrears, because we are assessed at a rate of about 27 percent. I have introduced legislation to remedy this problem (S. 2095), and the President has proposed similar legislation in his budget.

- Do you agree that it is important for the United States to pay its peacekeeping bill in full? Do you support S. 2095?

Answer. The administration agrees that it is important to pay its U.N. peacekeeping assessments in full. We support legislation to enable the United States to pay U.N. peacekeeping assessments at the rate used by the United Nations.

Question. As you know, the U.N. Headquarters building is unsafe, failing to meet municipal fire and safety codes and drastically in need of security upgrades; however, plans to break ground for the new building have been delayed and costs are increasing by the day. The United Nations has recruited a top-notch person, Fritz Reuter, to work on the Capital Master Plan for renovation; however, I understand that funding for his office will run out in a few months.

- What is the administration doing to support that a plan for construction be finalized as soon as possible? How are Ambassador Bolton and Department officials in Washington working to garner support among member states for getting this project underway?

Answer. The United States appreciates and supports the work of the Secretariat on the Capital Master Plan (CMP), in particular the efforts of Assistant Secretary General Fritz Reuter and the Capital Master Plan Office. The United States supports this project, as renovations are strongly needed to make the U.N. facilities safe and secure and a General Assembly decision on project strategy is, therefore, critical. As both the United Nation's largest contributor and host country, the United States also has a direct interest in ensuring that the CMP is implemented in the most cost-effective and transparent manner possible.

The General Assembly adopted a resolution on May 8 that provided an appropriation of $23.5 million, for the continuation of preconstruction activities, and $77 million in commitment authority, to be used to begin procurement of a temporary conference building and lease office swing space. The United States disassociated from the consensus on this resolution. Without a decision on project strategy the administration did not believe it would be prudent to agree to the full $100.5 million, but did endorse the appropriation of $23.5 million to complete design work. The administration will work constructively in the next resumed session of the General Assembly to resolve remaining issues on the CMP, in particular, the critical decision on project strategy.

Question. You have noted that the President's request includes $75 million to strengthen the Office of the Coordinator for Reconstruction and Stabilization, which will include support for a Conflict Response Fund. In addition to the fund, what amount is requested to expand the operations of the Office itself? How many additional positions will this funding support? How, specifically, will these positions contribute to the mission of the Office?

Answer. In FY 2007, the President's request includes $20.1 million in State Operations funding for Reconstruction and Stabilization management. This request includes $6.5 million in operating funds and $13.6 million in personnel costs ($5.2M for permanent State FTE and $8.4M for nonpermanent State FTE) to expand the operations of the Office of the Coordinator for Reconstruction and Stabilization (S/CRS). Currently, S/CRS has 15 permanent positions, approximately 12 interagency detailees, and 48 nonpermanent positions funded by State (15 of which are Active Response Corps). This funding will support an additional 15 permanent State Department positions and maintain the 48 nonpermanent, State-funded positions already in S/CRS.

The FY07 funding request, and the positions it would create, will allow S/CRS to coordinate effective deployments to prevent or transform conflict—thereby institutionalizing the Department of State's leadership role in planning for and implementing stabilization and reconstruction activities. We will build on pilot interagency deployments, such as those in Chad, Haiti, and Sudan, and respond to developing crises and conflicts by increasing the number of conflict assessment teams and sectoral advisors deployed to provide expertise and to serve as catalysts for follow-on interagency response. S/CRS staff also will focus on refining and testing operational response mechanisms, which will allow us to stand ready to deploy interagency staff to work with the military at the Geographic Combatant Command and field levels in the next crisis.

The additional funding and staff will allow S/CRS to coordinate multiple country responses simultaneously—lending support to State regional bureaus and leading interagency planning processes that link all USG programs and resources to a comprehensive strategy to address conflict prevention and transformation.

This funding will also allow S/CRS to increase cooperation and interoperability with international partners—increasing the total international impact of efforts to advance stabilization and reconstruction activities.

Question. A recent inspector general report on the Bureau of Diplomatic Security (ISP–I–06–03) indicated that personal escape masks issued to overseas posts need to be replaced in the next several fiscal years, but that under current budget estimates, "only a fraction of the masks can be replaced each year," and that further reduction will "decrease the number of posts that receive training" and other needed equipment for employee safety in this area.

(a) What funds are provided in the baseline plan for FY 2006 and the budget for FY 2007 for personal escape masks? How many replacement masks will such funds purchase?

(b) How many personal escape masks are due for replacement in fiscal years 2006, 2007, and 2008?

(c) How many posts will not receive training in the case of escape hoods?

Answer. (a) As of the close of FY 2005, all overseas posts had fully equipped and trained First Responder Units, and all overseas posts had received a comprehensive chem/bio training package that included the provision of escape masks and the associated training. Over 110,000 masks were deployed. The FY 2006 plan includes $1.7 million for replacement of 15,887 masks; the FY 2007 budget includes $2.7 million for replacement of 25,233 masks.

(b) There are 23,400 personal escape masks due for replacement in FY 2006 and 36,350 in FY 2007, on the basis of a 4-year replacement cycle. To address this shortfall, the Department sent a random sample of expiring masks to the U.S. Army's Edgewood Chemical Biological Command in Aberdeen, MD, to determine whether the shelf life could be extended for a fifth year. If the shelf life can be extended, the Department will have sufficient funding to replace all masks on schedule by FY 2010. If the shelf life of the masks cannot be extended for a fifth year, replacement masks would be supplied to only critical and high-threat posts, due to a lack of funding.

(c) All overseas posts have been initially equipped and trained with personal escape masks. New employees will be provided with escape mask training upon arrival at post. Refresher training is available for employees on an as-needed basis, at the rate of approximately once every 2 years for each post.

Question. The "National Defense Strategy of the United States of America," issued by the Department of Defense in March 2005, states as a vulnerability of the United States that "[o]ur strength as a nation state will continue to be challenged by those who employ a strategy of the weak using international fora, judicial processes, and terrorism."

- Do you regard engagement in international fora and use of judicial processes as a "strategy of the weak?"
- Do you regard it as equivalent to terrorism?

Answer. You are asking for an interpretation of a Department of Defense document. I think it would be more appropriate to address this question to that Department.

As for the underlying challenge to the United States being described by the phrase that you quote, I understand this to refer not to the use of international fora and judicial processes, which is undertaken regularly and legitimately by many, but to the "abuse" or "misuse" of these fora and processes by some who would seek to undermine by any means our national interests and those of our friends and allies.

Question. What role does the Department have in extraordinary renditions undertaken by U.S. Government agencies? Please be specific.

Answer. The term "extraordinary rendition" is frequently used to refer to a rendition by one state to another state with the knowledge or intent that the receiving state will torture the individual being rendered. The United States does not engage in such extraordinary renditions—as we have repeatedly made clear, including at the U.S. Presentation to the Committee Against Torture in May, the United States does not transport, and has not transported, detainees from one country to another for the purpose of interrogation using torture. The United States has not transported anyone, and will not transport anyone, to a country if the United States believes he or she will be tortured. Where appropriate, the United States seeks assurances it considers to be credible that transferred persons will not be tortured.

To the extent that questions have been raised about the rendition of individuals outside of normal extradition procedures, the United States has acknowledged that it, like other countries, has long used procedures, in addition to extraditions or other judicial procedures, to transport individuals from the country where they were captured to their home country or to another country where they can be questioned, held, or brought to justice. In this regard, after detainees held in Guantanamo have been approved for release or transfer to other countries, the State Department has played a role in such transfers by seeking, where appropriate, diplomatic assurances of humane treatment, as well as assurances that the individuals in question will not pose a threat to the United States or its allies.

Question. What has been the involvement of the Department with regard to the construction of, maintenance of, or seeking the permission for use of, facilities to detain terrorist suspects in foreign nations? Please be specific.

Answer. The Department has the lead role in negotiating the transfer of Guantanamo detainees to their country of nationality or a third country, when appropriate. For example, the U.S. Government and the Government of Afghanistan exchanged diplomatic notes regarding the transfer of detainees from the United States to the Government of Afghanistan, which committed to accept responsibility for the returning Afghan citizens and will work to ensure that they do not pose a continuing threat to Afghanistan, the coalition, or the international community. The United States is providing assistance to refurbish Block IV of the Pol-e Charki prison (PeC), and to train and equip an Afghan guard force. Further information in reference to this question has been provided in a classified answer.

Question. It is expected that the administration will send a large number of detainees currently in Guantanamo back to their home countries, including Afghanistan, where many will continue to be detained.

(a) If detainees are transferred to the custody of the Government of Afghanistan, what will be their legal status?

(b) Do you expect them to be charged with crimes and prosecuted by the Government of Afghanistan? If not, under what domestic law will Afghanistan detain them and for how long?

(c) If they are detained without charge, what impact will such detention have on efforts to build the rule of law in Afghanistan? Will the International Committee for the Red Cross and the Afghan Human Rights Commission have access to these detainees.

Answer. One of the Department of Defense's current missions is to use all necessary and appropriate force to defeat the al-Qaeda network and its supporters. In the course of that campaign, which remains ongoing, the United States and its allies have captured thousands of individuals overseas, virtually all of whom are foreign nationals. Fewer than 500 of these foreign nationals are being held by the Department of Defense (DOD) at the U.S. Naval Base at Guantanamo Bay, Cuba (GTMO).

It is appropriate for DOD to detain these enemy combatants as long as hostilities are ongoing. Nonetheless, as former Deputy Assistant Secretary of Defense for Detainee Affairs, Matthew Waxman, has previously declared, DOD has no interest in detaining enemy combatants longer than necessary. Where detention is deemed no longer necessary, a detainee may be released to the control of another government. The United States also transfers GTMO detainees, under appropriate circumstances, to the control of other governments for continued detention, investigation, and/or prosecution.

In all such cases of transfer for continued detention, investigation, and/or prosecution, as appropriate, as well as situations in which the detainee is transferred for release, the detainee is transferred entirely to the custody and control of the other government, and once transferred, is no longer in the custody and control of the United States. The individual is detained under such circumstances, if at all, by the

foreign government pursuant to its own laws and not on behalf of the United States. With respect to your specific questions regarding Afghanistan:

(a) If GTMO detainees are transferred by the United States to the Government of Afghanistan, they will no longer be in the custody and control of the United States and thus the Government of Afghanistan will determine their status.

(b) There is not a uniform policy or expectation with respect to all Afghan detainees that may be transferred from GTMO to the Government of Afghanistan. Furthermore, if an individual transferred is detained or prosecuted by the Government of Afghanistan, such action would be taken pursuant to the laws of Afghanistan and would not be done on behalf of the United States. The Government of Afghanistan is currently conducting an assessment of its domestic laws to determine its detention and prosecution capabilities and we would not speculate as to the domestic legal framework under which the Government of Afghanistan might charge or detain an individual detainee.

(c) We fully expect Afghanistan to detain the transferees in accordance with its domestic laws and international obligations, which will help build the rule of law in Afghanistan. We additionally anticipate that the Government of Afghanistan will allow the International Committee for the Red Cross to have access to any individuals determined to be enemy combatants, if they are detained. However, this is a matter that the ICRC will negotiate directly with the Government of Afghanistan.

Question. It is expected that the administration is planning to send a large number of detainees currently in Guantanamo back to their home countries, including Saudi Arabia, where many will continue to be detained.

(a) If detainees are transferred back to the custody of the Government of Saudi Arabia, what will be their legal status?

(b) Do you expect them to be charged with crimes and prosecuted by the Government of Saudi Arabia? If not, under what domestic law will Saudi Arabia detain them and for how long?

(c) Will the International Committee for the Red Cross have access to these detainees?

(d) Given Saudi Arabia's well-documented record of torture, how will the State Department ensure and credibly verify that detainees transferred there will not be tortured.

Answer. (a) Consistent with our discussion in the answer to the previous question, if GTMO detainees are transferred by the United States to the Kingdom of Saudi Arabia, they will no longer be in the custody and control of the United States and thus the Saudi Arabian Government will determine the status of any detainees transferred.

(b) There is not a uniform policy or expectation with respect to all Saudi detainees that may be transferred from GTMO to the Kingdom of Saudi Arabia. Furthermore, if an individual transfer is detained or prosecuted by Saudi Arabia, such action would be taken pursuant to the laws of Saudi Arabia and would not be done on behalf of the United States. As a result, we cannot speculate as to how long Saudi Arabia might or might not detain such individuals.

(c) As noted with respect to Afghanistan in the answer to the previous question, any question of ICRC access to another countries' prisons, is a matter for negotiation between the ICRC and that country.

(d) The United States does not transfer individuals to other countries where it believes it is more likely than not that they will be tortured. A country's individual human rights record is a factor in, rather than a substitute for, a case-by-case analysis, taking into account the particular circumstances of the transfer, the country to which the transfer is being made, the individual concerned, and any concerns regarding torture or persecution that may arise.

The Department works closely with the Department of Defense and relevant agencies with respect to the likelihood of torture or other treatment concerns in a given country and the adequacy and credibility of assurances obtained from a particular foreign government prior to any transfer. In each of these contexts, as appropriate, the United States obtains assurances in order to be satisfied that it is not more likely than not that the individual in question will be tortured upon return. If, taking into account all relevant information, including any assurances received, the United States believes that a person more likely than not will be tortured if returned to a foreign country, the United States would not approve the return of the person to that country.

Finally, with respect to verifying any assurances made, as has been stated on numerous occasions, we would take steps to investigate any credible allegations of torture and will take appropriate action if there is reason to believe that diplomatic assurances obtained are not being honored.

Question. The United States has long condemned governments that engage in enforced disappearances—a practice generally defined as depriving an individual of his or her freedom and then refusing to acknowledge where that person is being detained or even the fact of his or her detention.

(a) Does the State Department agree with this definition of "forced disappearances?" If not, how does the Department define the practice?

(b) Would the long-term detention without charge of a terrorist suspect in an undisclosed location to which the International Committee for the Red Cross has no access constitute a forced disappearance? If not, why not?

Answer. (a) The definition of an enforced disappearance may vary under international law. During the negotiations of the recent United Nations Commission on Human Rights Working Group to Elaborate a Normative Instrument to Protect All Persons from Enforced Disappearance, the United States supported the following definition:

> For purposes of this instrument, enforced disappearance is considered to be the arrest, detention or abduction of a person by or with the authorization, support or acquiescence of the state, followed by a refusal to acknowledge that deprivation of liberty or by concealment of the fate or whereabouts of the disappeared person, with the intention of removing that person from the protection of the law for a prolonged period of time.

(b) No. As we have repeatedly indicated, we believe that we are in a continuing state of armed conflict with al-Qaeda, and that the law of war governs the treatment of al-Qaeda combatants captured in the course of our military obligations. The interrogation and transfer of captured al-Qaeda members is more than an appropriate tool in this fight—it is critical to exercising our responsibility to protect our own citizens from further attack. U.S. personnel are required to treat all detainees consistent with U.S. law and treaty obligations, including prohibitions on torture and cruel, inhuman, or degrading treatment, and prohibition against transferring persons to be tortured.

Question. With the passage of the McCain amendment, no detainee in U.S. custody anywhere in the world may be subjected to cruel, inhuman, or degrading treatment or punishment that is banned by the 1st, 8th, and 14th amendments to the Constitution of the United States, which, among other things, prohibit the treatment that violates due process or "shocks the conscience." Some have argued that these constitutional prohibitions operate as a sliding scale, with the definition of what "shocks the conscience" shifting based on the governmental interest at stake.

- In the State Department's view, are there circumstances where the government's interest in gathering information is so great that, even after passage of the McCain amendment, nothing short of torture would shock the conscience? Or are there certain forms of treatment that would "shock the conscience" and constitute cruel, inhuman, and degrading treatment under any circumstance? If it is the former—that under certain circumstances there are no limits on what "shocks the conscience"—would you be willing to accept a foreign government's reliance on that same argument to justify its treatment of captured U.S. military personnel?

Answer. The Department of State refers questions regarding the application of the McCain amendment to specific interrogation techniques to the Department of Defense, which is responsible for operational decisions regarding interrogation at the Defense Department detention facilities. Questions regarding the scope of the prohibition on cruel, inhuman, and degrading treatment found in the 5th, 8th, and 14th amendment of the United States Constitution are referred to the Department of Justice.

QUESTION OF SENATOR GEORGE ALLEN

Question. In light of Azerbaijan's President Ilham Aliyev's threats to resume war and Azerbaijan's significant increase in military spending, can the President continue to certify that U.S. military assistance will not undermine efforts to negotiate a peaceful settlement of the Nagorno-Karabakh conflict?

Answer. Yes. U.S. security assistance to Azerbaijan is carefully targeted so as not to undermine or hamper ongoing efforts to negotiate a peaceful settlement between Armenia and Azerbaijan, or to be used for offensive purposes against Armenia, as per Public Law 107–115. The United States assists Azerbaijan by upgrading its capability to combat terrorism, to operate with U.S. and NATO forces, and to protect

its borders against the trafficking of weapons of mass destruction, illicit narcotics, and other items that threaten international stability and U.S. national security.

The projected increased military spending of 76 percent in Azerbaijan in 2006 is proportionate to the budget increase, due to dramatically increased oil revenues. The increase in military spending may also be driven by fear of, and increasing political pressure from, its powerful neighbors, Iran and Russia.

The President and Foreign Minister of Azerbaijan have participated actively in a series of meetings led by the OSCE Minsk Group (the "Prague Process") since 2004, aimed at finding a peaceful settlement to the Nagorno-Karabakh conflict. Despite the stall in negotiations that resulted after talks at Rambouillet, France, in February 2006, we continue to believe that 2006 offers a realistic window of opportunity to achieve a peaceful settlement to the conflict. We support the territorial integrity of Azerbaijan and hold that the future status of Nagorno-Karabakh is a matter of negotiation between the parties.

We are providing Azerbaijan with a level of military assistance consistent with its crucial participation and cooperation in the war on terror. The Government of Azerbaijan has made invaluable contributions to the war on terror, including, but not limited to, blanket overflight rights, the use of Azerbaijan military bases, information-sharing, and law enforcement cooperation. Azerbaijan's cooperation with the United States Government has allowed us to achieve several significant successes in disrupting terrorist cells and in bringing terrorists to justice.

QUESTIONS OF SENATOR BARBARA BOXER

Question. What is our strategy to make sure that this area ("the lawless Pashtun tribal areas") of Pakistan does not remain an area of sanctuary for the Taliban and al-Qaeda?

Answer. To support Pakistan's efforts to exercise stronger control in the tribal areas, we are providing assistance for border security and socioeconomic development. Along the Pakistan-Afghanistan border, we are supporting the building of roads and outposts that allow for more effective control of the border. We are also supporting construction of new schools, teacher training, microfinance programs, health activities to improve child health services and installation of small-scale infrastructure projects such as dug wells and minihydroelectric schemes to secure community support for Pakistan's Government.

Our mutual aim is to enhance central government authority in the tribal areas to ensure that the region will never again be a sanctuary for terrorists and militants.

We also participate with both Pakistan and Afghanistan in the Tripartite Commission, a military forum that meets regularly on cross-border military and security cooperation. Through the commission we work with both Pakistan and Afghanistan to bring improved field coordination and communication for security operations in this region.

Question. Will the U.S. support efforts to pass a binding Security Council resolution calling for constructive action on Burma?

Answer. The United States remains gravely concerned about the deteriorating situation in Burma. We believe the Security Council has an important role to play in promoting positive change there, and we are actively exploring ways to build UNSC consensus on the need for further discussions and possible action on Burma in follow-up to the landmark Council discussion on December 16.

We are also advocating discussion of Burma in other U.N. bodies, such as the Economic and Social Council (ECOSOC) and the Third Committee. Last year, the United States cosponsored the European Union's annual Burma human rights resolution at the United Nations General Assembly's Third Committee, which called for "a genuinely inclusive" political process through the "unhindered participation of all political parties and representatives of ethnic nationalities," as well as the immediate and unconditional release of political prisoners. Separately, we are supporting the International Labor Organization's request to place Burma on the 2006 ECOSOC agenda.

We will continue to encourage U.N. Secretary General Kofi Annan to remain engaged in Burma, and to work with the U.N. Secretariat to identify the best possible successor for the Secretary General's former Special Envoy to Burma, Razali Ismail.

Question. Secretary Rice, 60 Minutes recently ran a piece on the widespread waste, fraud, and abuse that has plagued the Iraq reconstruction effort. Highlighted in the piece was a contractor, Custer Battles, that was given tens of millions of dollars in contracts despite having no experience and no qualifications. Despite failing

miserably in every job it was asked to do, the Coalition Provisional Authority not only refused to fire Custer Battles, it wrote a glowing review and continued to give them contracts.

Secretary Rice, you were placed in charge of coordinating Iraq's reconstruction in October 2003. What involvement, if any, did you have with this particular case?

Answer. In October 2003, the National Security Council created an Iraq Stabilization Group with four interagency cells, including one on economics, in order to strengthen interagency policy support for the Department of Defense and the Coalition Provisional Authority and to help prepare for the next phase of the reconstruction effort in Iraq. This interagency group had no direct involvement in reviewing contracts. The Custer Battles case is now before the Federal district court in Virginia, and it would be inappropriate to comment on pending litigation.

On May 11, 2004, the President issued a National Security Presidential Directive in which he determined that the Secretary of State would be responsible for the continuous supervision and general direction of all assistance for Iraq. To that end, the Department of State cooperates closely with the Office of the Inspector General (OIG), the General Accounting Office (GAO), and the Special Inspector General for Iraq Reconstruction (SIGIR), each of which actively audits U.S. programs in Iraq.

QUESTIONS OF SENATOR RUSSELL D. FEINGOLD

Question. Does the proposed increase in this budget request for the current U.N. mission in Sudan take into account the likelihood that the African Union mission in Sudan may be replaced by a new U.N. peacekeeping Mission later this year?

Answer. Yes, the $442 million Contributions to International Peacekeeping Account (CIPA) request includes $160 million for a U.N. peacekeeping operation in Darfur based on the likelihood that the African Union Mission in Sudan (AMIS) will transition to a U.N. operation this year. Though the U.N. Security Council has not yet adopted a resolution authorizing that transition, we expect one within the March timeframe to kick off the "re-hat" of AMIS, and a U.N. operation in Darfur would become fully operational between end-September and end-December 2006. We are pressing for this transition to take place as soon as possible to improve security and humanitarian access in Darfur. The $442 million FY 2007 CIPA request also includes $282 million to sustain the current U.N. peacekeeping operation in Southern Sudan (UNMIS).

Question. Has the State Department begun planning for the possible role of NATO or a new U.N. peacekeeping mission in Darfur?

Answer. The Department is working with the United Nations, bilateral partners, and the African Union to expedite a formal African Union (AU) request for a U.N. re-hat of the African Union Mission in Sudan (AMIS) and to obtain a U.N. Security Council Resolution authorizing that transition shortly thereafter. In the interim before adoption of that resolution, we are working with the U.N. Department of Peacekeeping Operations (DPKO) to advance the planning process authorized by our February 3 UNSC Presidential Statement, which directed DPKO to cooperate with the UNSC members, the AU, and the parties to the Darfur conflict to begin planning for a future U.N. peacekeeping operation in Darfur. We have provided DPKO with four U.S. military planners from the joint staff and will continue working with DPKO and the Secretary General's office to expedite the planning process.

We are also exploring new ways to increase AMIS capacity in the interim. AMIS needs additional expertise and, as the President has said, we believe NATO can do more. NATO has already trained over 120 AMIS Force Headquarters staff and has taken the lead in providing strategic airlift for thousands of newly deployed or rotating AMIS troops. We are working closely with European allies to determine how NATO, in coordination with the EU, can provide more support and are optimistic that, with a request for assistance from the United Nations or African Union, NATO will be able to do more.

Question. What is the administration's strategic plan for Sudan and how is it linked to its budget request? Is your budget request sufficient to cover our strategy in Sudan for the coming year?

Answer. The overarching U.S. policy goal is to achieve a peaceful and democratic transformation that assures broad participation in the political process and fosters civil liberties and to promote a just, viable political settlement to the conflicts in a united Sudan. Our strategy to achieve this is multifaceted. One facet is a stable Southern Sudan; demilitarized, at peace with its northern neighbors, and on the path toward long-term reconstruction with immediate humanitarian needs met. An-

other is to help bring an end to the conflict in Darfur and facilitate the return of internally displaced persons and refugees to their homes. The reconstruction of Southern Sudan is a major subgoal of the United States strategy for rebuilding and stabilizing Sudan. However, because events in Southern Sudan are closely connected and affected by events in other parts of the country, including Darfur, Eastern Sudan, and the North, the USG must take an integrated approach. The USG assistance to Sudan is divided into three categories:

- Humanitarian Assistance: Meeting basic humanitarian needs—food, shelter, and health services—of vulnerable and returning populations affected by conflict will reduce the threats to stability and thus strengthen the successful implementation of the Comprehensive Peace Agreement.
- Transitional Security: Elements that contribute to transitional security include such activities as peacekeeping in Darfur; transformation of the SPLA into a professional army; assistance to strengthen the rule of law and to mitigate conflict in the south; and support to the U.N. Mission in Sudan (UNMIS). We also believe a more robust peacekeeping effort is needed in Darfur and for that reason support a U.N. re-hat of the African Mission in Sudan (AMIS), but one that would incorporate elements of AMIS. In a transition to a U.N. peacekeeping force we would concurrently support and strengthen AMIS during the transition period.
- Reconstruction of Governance, the Economy and Social Services: Strategic investments for the south to provide essential services in communities that will be receiving returnees; to mitigate local conflict over scarce resources; to rehabilitate infrastructure for the promotion of markets and freedom of movement; to promote immediate agricultural and enterprise opportunities; and to support the creation of a participatory and responsive government structure and system.

The Department of State's FY07 budget request is specifically keyed to funding these categories and objectives. We believe our FY07 request, when coupled with the FY06 supplemental request, is sufficient to implement our Sudan strategy as outlined.

Question. Given that Somalia is a failed state, a breeding ground for terrorist organizations, including al-Qaeda, and a convenient base for pirates and criminal networks that are roaming around the region unhindered, why is the funding request for Somalia so low?

Answer. The formation of a transitional governing entity known as the Somalia Transitional Federal Institutions (TFIs) provides an opportunity for increased U.S. engagement in FY 2007; however, Somalia's continued instability, lack of security, and low absorptive capacity hampers extensive U.S. direct bilateral assistance programming in many sectors in Somalia.

For example, in FY 2005, the U.S. Embassy in Nairobi, Kenya, was forced to suspend the award of additional Democracy and Human Rights Funds (DHRF) due to the inability to gain access to Somali territory to maintain appropriate project monitoring and financial controls. In addition, existing legislation prevents direct assistance to a Somali Government due to Somalia's significant arrears to the United States and further complicates our ability to program U.S. assistance in Somalia.

Despite these restrictions, we continue to program limited levels of U.S. foreign assistance in Somalia in the areas of governance, conflict resolution, and support for civil society. As a result, U.S. assistance programs in Somalia are currently supporting peacebuilding efforts by Somali civil society organizations in an effort make the region less vulnerable to terrorist organizations seeking a safe haven. In addition, U.S. humanitarian assistance will address the humanitarian needs of the Somali people. In FY 2006, increased Public Law 480, title II assistance will address the humanitarian needs of approximately 1.7 million people currently at risk of starvation in southern Somalia. Vulnerable populations in Somalia, particularly in the regions of Puntland and Somaliland, will also receive humanitarian assistance through U.S. contributions to the Africa programs of the International Committee of the Red Cross and the United Nations High Commissioner for Refugees. We will continue to review opportunities for additional U.S. assistance activities and programs in Somalia as the ongoing political process develops.

Question. Does the administration have a comprehensive strategy to promote peace and democratic governance in Somalia? Is the Office of Reconstruction and Stabilization involved in assisting with the development of such a plan?

Answer. The administration's strategy to promote peace and democracy in Somalia will build upon earlier successes in the reconciliation process and work with our regional and international partners to support the reestablishment of stability and effective governance in Somalia. U.S. policy toward Somalia is designed to support

the reestablishment of a functioning central government in Somalia capable of bringing the Somali people out of this long period of civil conflict and addressing the humanitarian needs of the Somali people and the international community's concerns regarding terrorism. In order to achieve these policy objectives, we will coordinate our engagement with our international, regional, and donor partners to support positive developments in Somalia. The administration's strategy reflects guidelines provided by the Office of Reconstruction and Stabilization.

We are currently in the process of seeking and identifying the additional personnel and budget resources needed to implement this engagement strategy and achieve U.S. policy objectives in Somalia. Our ability to engage effectively with a nascent Somali Government and governing institutions, however, will be driven by events inside Somalia and the progress made by various members of the Somalia Transitional Federal Institutions. In this regard, we have closely followed the recent convening of the first session of the Somalia Transitional Federal Parliament in Baidoa. Through the U.S. Embassy in Nairobi, Kenya, we continue to urge all members of the Transitional Federal Institutions to resolve their differences peacefully within the framework of the Transitional Federal Charter.

Question. Is the United States coordinating with other donor countries and international organizations to maximize international assistance? What mechanisms or bodies exist to do this?

Answer. U.S. assistance to Somalia is coordinated through the Somalia Aid Coordination Body (SACB) that was established in December 1993 and consists of a variety of policy and sectoral committees in an effort to improve the impact of the international community's assistance to Somalia. The SACB is a voluntary coordination mechanism that provides a framework for developing coordinated approaches for donor engagement in Somalia. A range of donors, including the United States, has provided consistent support for SACB activities.

In addition, during a donor coordination conference in October 2004, the international community agreed that the United Nations should lead coordination and cooperation of the international community with respect to Somalia and with the Transitional Federal Institutions (TFIs). A Declaration of Principles was approved, establishing a Coordination and Monitoring Committee (CMC). This framework created the highest level mechanism for coordination between the TFIs and the international community. The CMC is cochaired by the Prime Minister of the Transitional Federal Government and the Special Representative of the United Nations Secretary General (UNSRSG). The UNSRSG also chairs a weekly meeting that brings together the international community on an informal basis to discuss political developments. Voluntary U.S. contributions to a variety of United Nations agencies, including the U.N. Development Programme (UNDP), World Food Programme (WFP), and U.N. Children's Fund (UNICEF), also support multilateral donor engagement in Somalia.

Although sharp divisions within the TFIs have prevented the CMC from functioning since April 2005, we continue to work with our donor partners and regional actors to develop and consolidate a common position to advance the reconciliation process in Somalia. There is a separate monthly donor coordination meeting in Nairobi chaired by a Troika of Denmark, Norway, and Sweden. Representatives from USAID and State participate to the extent possible in the numerous coordination meetings in Nairobi.

Question. Was the administration monitoring the detainees linked to al-Qaeda who recently escaped from prison in Yemen prior to their escape?

Answer. All 23 prisoners were held at a maximum security facility run by the Political Security Organization (PSO). The Yemeni Government specifically designated this prison for terrorism-related offenders. U.S. Embassy officials were occasionally granted access to certain prisoners based on written requests.

Question. What actions did the administration take to try to prevent a repeat of the detainee escape that took place in 2003?

Answer. The two detainees who escaped from prison in the southern city of Aden in 2003 were placed, after recapture, in the Sanaa Political Security Organization prison where prison security was considered tighter.

Question. What assurances, commitments, and cooperation has the United States received from the Yemeni Government with respect to prosecuting those responsible for the attack on the USS *Cole*?

Answer. In July 2004, the surviving terrorists involved in the attack on the USS *Cole* were brought to trial as a result of collaborative investigations by the Yemeni authorities and the FBI. The trials were held with a USG representative present.

The Attorney General maintained regular contact with the Embassy throughout the process. In September 2004, a Yemeni court convicted the six terrorists charged with planning and perpetrating the attack on the USS *Cole*.

Question. Does the current budget request reflect any changes to our assistance to Yemen needed to address the prison break and any forthcoming changes to the United States-Yemen relationship?

Answer. Currently there are no direct funding requests for additional resources in the aftermath of the escape.

Question. Were you satisfied with our relationship with Yemen before the escape?

Answer. Since the post 9/11 forging of United States-Yemen counterterrorism partnership, the Yemeni Government has significantly improved the security situation in Yemen and denied Yemen as a haven for al-Qaeda. United States-Yemen counterterrorism cooperation prior to the January 2006 prison escape was positive, although Yemen's limited capabilities often posed challenges.

High-level engagement—e.g., visits to Yemen by Assistant to the President for Homeland Security and Counterterrorism, Frances F. Townsend, and President Saleh's November 2005 visit to Washington—yielded successes and also highlighted difficulties. For example, we remained unsatisfied with Yemen's response to our requests to close down the private sector arms trade, install a modern inventory system to better account for military hardware, and improve information-sharing on the interrogation of terror suspects. The U.S. Embassy in Sanaa remains focused on these and other challenges as we continue to the effort to sustain effective counterterrorism cooperation with Yemen.

Question. What role has this new office played in developing a strategy for addressing stabilization and reconstruction efforts in Sudan? How many people within this new office are dedicated to Sudan-related work?

Answer. Deputy Secretary Zoellick asked S/CRS to assist the Bureau of African Affairs (AF) in preparing an interagency conflict transformation plan, with a focus on planning for implementation of the Comprehensive Peace Agreement (CPA) and ongoing efforts to resolve the crisis in Darfur.

S/CRS facilitated meetings of the interagency to further develop and refine the strategic goals and essential tasks of this plan. Metrics were identified to measure progress to meet these goals. This process also provided a forum to synchronize crosscutting efforts.

At the request of OMB, S/CRS also assisted the interagency in facilitating a review of the interagency Sudan budget requests to identify potential resource gaps. This analysis helped decisionmakers formulate the FY06 supplemental and the FY07 budget request.

At the peak of the planning effort in the fall of 2005, S/CRS dedicated four staff full time to work on Sudan, with three others working half time or more. S/CRS funded a core Secretariat of 3 personnel, located in the Africa bureau at State, to improve information flow among the interagency, develop robust performance measures for the plan, and provide geospatial analysis to the reporting. Five S/CRS staff continue to work part time on Sudan-related issues. S/CRS is providing a security expert to assist in the Abuja talks, and has funded three positions at the Embassy in Khartoum to assist in documenting USG-wide conflict transformation planning and implementation by all USG agencies.

Question. Does the Africa bureau work closely with this new office?

Answer. S/CRS and the Bureau of African Affairs (AF) work collegially and cooperatively on a range of issues. On Sudan, we worked closely on the conflict transformation planning process, an interagency process to develop an overall USG strategy, including resource requirements, for achieving democratic transformation and an end to conflict.

AF and S/CRS regularly dialogue on strategies to address potential conflict in countries on the continent. Last year we jointly sponsored a roundtable and simulation on the Democratic Republic of the Congo, which generated some new ideas for the upcoming elections. More recently, S/CRS has cooperated closely with AF on Chad by fielding a team to assess underlying causes of conflict and to assist Embassy N'Djamena and AF with conflict prevention planning.

Question. Is this new office part of discussions concerning the deployment of additional peacekeepers to Darfur?

Answer. The Bureau of African Affairs (AF), in conjunction with the Bureau of International Organizations (IO), has the lead in supporting the African Union Mission in Sudan (AMIS) and working to transition it to a U.N. peacekeeping operation.

S/CRS has focused its efforts on developing an overall strategic framework for post-conflict reconstruction and democratic transformation in Sudan.

Question. Does the budget request provide adequate resources for its continued or increased effectiveness? What is its operational budget request for FY 2007?

Answer.

- The FY 2007 funding request for State Operations will provide for 15 additional personnel on a permanent basis for S/CRS. Because current staffing is largely dependent on temporary detail arrangements, the additional resources in FY07 would allow us to regularize some of our current staffing and institutionalize our efforts.
- Current levels of staffing and operations funding allow S/CRS to provide per year:
  - Leadership and management of three major country response efforts with regional bureau, including management of planning process;
  - Support to conflict prevention efforts in three countries;
  - Leadership of civilian participation in two major military exercises that test military and civilian planning and deployment for R&S operations.
- Each such country engagement effort includes participation of numerous staff from other bureaus, departments, and agencies.

Attachments

STATE PERSONNEL FOR S/CRS

Plan	2005	2006	2007
S/CRS and Active Response Corps*			
Cumulative FTE	9	15	30
Cumulative Temporary Positions**	22	48	48
Total Perm & Temp	31	63	78

*S/CRS staff supplemented by contractors and other short-term hires, as well as interagency detailees.
**Additional temporary State positions, not counting contractors or interns.

[Dollars in thousands]

Account	FY05 actual	FY06 estimate	FY07 request
FY05 Supplemental Operating Funds*	$7,700	.....	.....
Bureau-Managed Operating Funds	**$737	$6,237	$6,507
Cost of Permanent Positions Funded	$1,485	$2,475	$5,250
(total FTE)	(9)	(15)	(30)
Cost of other State nonpermanent staff	$2,950	$7,920	$8,400
(total positions; includes Active Response Corps)	(22)	(48)	(48)
S/CRS Total (State Operations—D&CP)	$12,872	$16,632	$20,157
Conflict Response Fund (Foreign Ops)	0	0	75,000

*Supplemental provided 2-year funding; $2.6M obligated in FY05 and $5.1M in FY06.

Question. How will the new Director of Foreign Assistance relate to NSPD–44 and the role of S/CRS?

Answer. S/CRS was created to better organize our government to address the full spectrum of conflict—from prevention to response. Our operating assumption has been that S/CRS would manage to 2–3 post-conflict reconstruction and stabilization efforts at one time.

We anticipate that S/CRS will be activated when the United States engages in an effort that requires strategic planning, coordination, and interoperability among multiple USG agencies in the use of foreign assistance as well as in military, diplomatic, and other areas. S/CRS is also charged with international coordination for S&R operations, with creating a joint operations capability for managing a response, and with developing deployable civilian capacity. The Presidential Directive on reconstruction and stabilization, issued in December, reinforces this mandate.

The Director of Foreign Assistance will manage the range of foreign assistance, which includes about $19 billion in aid provided to 80 countries. This role is complementary to the efforts in S/CRS and in other parts of our Government to focus on effective U.S. engagement.

States are most at risk of failure in a transition from conflict because their institutions are weak, and they are often reliant on international assistance, which can at times be slower in arriving than needed. In a crisis, speed is key. We have to be able to quickly assess our resources, define goals and objectives, identify needs, and allocate available resources as quickly and effectively as possible in anticipating, planning, and responding.

By establishing a central node to oversee foreign assistance more broadly, and look across the entire pool of resources, we see an opportunity to further improve our capabilities to manage strategies for country assistance programs. The new structure will provide S/CRS with a valuable partner in our efforts to manage post-conflict response.

Question. What relationship will the Director of Foreign Assistance have with the Assistant Secretaries and Coordinators at the State Department and Assistant Administrators at USAID who currently have responsibility for designing and implementing foreign assistance programs?

Answer. I am establishing the position of Director of Foreign Assistance (DFA) to align better our foreign assistance programs with our foreign policy goals, to align more fully the foreign assistance activities of USAID and State, and to demonstrate that we are responsible stewards of taxpayer dollars. I am investing the DFA with authority over foreign assistance funding and programs to achieve these goals, not to supervise Assistant Secretaries and Coordinators or Assistant Administrators. Nor are the reporting relationships of Assistant Secretaries or Assistant Administrators expected to change. Instead, the Director of Foreign Assistance will work closely with Assistant Secretaries and Assistant Administrators in exercising his authority over foreign assistance funding and programs and developing coordinated strategies, plans, and budgets.

Question. Who will control the funds that are currently apportioned to those individuals and how will the decisionmaking process work?

Answer. To the extent permitted by law, I will delegate to the Director of Foreign Assistance the foreign assistance funding authorities consistent with and necessary to achieve a single coordinated foreign assistance approval authority. Under my direction, the DFA will have approval and coordinating authority over all foreign assistance.

Question. How has the Department of State planned for managing a wide-scale outbreak of avian influenza in Africa, and has your office developed contingency plans to address the diplomatic, economic, and security concerns that an outbreak of avian influenza may have in each major region of the continent?

Answer. The H5N1 highly pathogenic avian influenza (HPAI) virus has spread to Africa, with the virus detected in Nigeria, Egypt, and Niger. We are particularly concerned about the potential for spread of the H5N1 virus in Africa, given the relatively weak health and preparedness infrastructure in many African countries and the continent's high incidence of immunocompromised people. Further, the H5N1 virus is not just a health matter but an economic, security, and social issue. Outbreaks in birds cause economic hardships and may threaten food security in some regions. The social, economic, and political impacts of a virulent human flu pandemic, whether sparked by the strain that is currently circulating in birds or by any other new strain, could be devastating.

Our framework for action in Africa is predicated on measures in support of surveillance, preparedness, response, and containment.

The State Department has established an interagency African Avian Influenza Network that was activated to respond to avian influenza outbreaks in Africa, starting with Nigeria. U.S. Ambassadors are instructed to encourage host governments to promote strong interagency communication and coordination (particularly among Ministries of Agriculture, Health and Information) to combat the threat of avian influenza. As in the case of Nigeria, U.S. Embassies are encouraged to work closely with other donors and U.N. resident representatives to prioritize host country needs and coordinate appropriate international responses. Our Embassies are instructed to convey to host governments the importance of coordinating their efforts with neighboring countries, and U.S. Embassies in neighboring countries also coordinate closely among themselves. Regional organizations such as the Economic Community of West African States (ECOWAS) have been engaged to develop regional response strategies and resources, as outbreaks become more widespread.

Within the African Avian Influenza Network, the State Department's Avian Influenza Action Group and the Bureau of African Affairs are coordinating closely with the U.S. Agency for International Development (USAID), the U.S. Department of Agriculture (USDA), the Department of Health and Human Services (HHS), the De-

partment of Defense (DOD) and other appropriate agencies, both in Washington and in affected and high-risk countries, to develop assistance programs and technical support for countries potentially affected by outbreaks. Both the interagency African Avian Influenza Network in Washington and the country teams at U.S. Embassies and consulates overseas are developing appropriate contingency plans for addressing the anticipated diplomatic, economic, and security concerns of countries affected by avian influenza in Africa. Our plans are coordinated with appropriate international technical organizations including the World Health Organization (WHO), the Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

Question. Do you believe the budget request includes enough support for regional organizations and countries that need to strengthen their capabilities to respond to such an outbreak in the coming year?

Answer. At the present time, we believe that $214 million in FY 2007 funds, in addition to $280 million in FY 2006 supplemental appropriations will be adequate to help support regional organizations and countries that need to strengthen their capabilities to respond to such an outbreak in the coming year and to help contain an influenza outbreak beyond the borders of the United States. The adequacy of U.S. support must take into account the totality of contributions of the international community, including financial and other support provided by multilateral, bilateral, and private sector donors. The reality of the threat of pandemic influenza is that it is too large for any one country to address alone, and requires a comprehensive and coordinated response from the international community. It is also important to realize that building the capacity of many of these nations to adequately respond will require time as well as funding (conducting training, building laboratories, developing and establishing policies, etc.) and some tasks may require more than a year to complete.

Question. Please provide a description of the new DOD-State transition planning group for Iraq and Afghanistan led by GEN (Ret.) Kicklighter.

- Given how complex our stabilization and reconstruction operations in Iraq have been, will this new planning effort for two countries dilute the quality of its work?
- What are the primary products or processes GEN Kicklighter will deliver?
- Why wasn't this new effort set up until last October or November?

Answer. The Iraq-Afghanistan Joint Transition Planning Group is a joint Department of State and Department of Defense team that has been asked by both Secretaries to review U.S. Government efforts to address medium- and long-range transition challenges in Iraq and Afghanistan. Recognizing the complexity of the issues and the number of interested agencies, the group has been asked to focus the scope of their assessment primarily on security-related transition challenges.

Currently, the group is collecting data and engaging in initial analysis exercises; the final product is still being contemplated.

Through the end of 2005, a major focus of the Iraq and Afghanistan campaign plans was the training and equipping of the security forces. This remains a priority but as the respective security forces start to command increasing responsibility, the time has come to consider and prepare for security-related transitions in the medium- and long-range timeframe.

Question. Would the U.S. Government render a suspect to a country that is known to practice torture, as long as that government assured the United States that it would not torture that particular suspect? What form would that assurance take?

Answer. The United States does not transfer individuals to other countries where it believes it is more likely than not that they will be tortured. Decisions with respect to transfers are analyzed on a case-by-case basis, taking into account the particular circumstances of the transfer, the country to which the transfer is being made, the individual concerned, and any concerns regarding torture or persecution that may arise.

In the immigration removal and extradition contexts, the United States reserves the use of assurances for a very small number of cases where it can reasonably rely on such assurances that the individuals being transferred would not be tortured.

In the context of decisions relating to the transfer or repatriation of individuals detained by the U.S. Armed Forces at the U.S. Naval Base in Guantanamo Bay, Cuba, the Department works closely with the Department of Defense and relevant agencies to advise on the likelihood of torture or other treatment concerns in a given country and the adequacy and credibility of assurances obtained from a particular

foreign government prior to any transfer. In each of these contexts, as appropriate, the United States obtains assurances in order to be satisfied that it is not more likely than not that the individual in question will be tortured upon return. If, taking into account all relevant information, including any assurances received, the United States believes that a person more likely than not will be tortured if returned to a foreign country, the United States would not approve the return of the person to that country. Finally, in answer to your question regarding form, these assurances, when obtained, are frequently transmitted through diplomatic notes.

Question. Do you seek similar assurances that individuals will not be subject to cruel, inhuman, or degrading treatment?

Answer. As a general matter it should be noted that article 3 of the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment provides that "[n]o State Party shall expel, return ('refouler') or extradite a person to another State where there are substantial grounds for believing that he would be in danger of being subjected to torture." By its terms, this provision applies to torture and not to cruel, inhuman, or degrading treatment or punishment. That said, it should be noted that in some contexts the Department of State seeks more specific assurances, as appropriate. For example, if the receiving State in question is not a party to certain relevant treaties, such as the Convention Against Torture, the Department may pursue more specific assurances, which, for example, assure that an individual will not be subject to cruel, inhuman, or degrading treatment.

Question. As you know, the European Parliament is currently investigating whether the CIA or other U.S. Agencies or other countries carried out abductions, extraordinary rendition, detention at secret sites, and torture of prisoners in EU countries or have used EU countries to transfer prisoners. Would you support a similar inquiry by the U.S. Congress into these matters?

Answer. No, I would not. As this administration has repeatedly stated, and as I made clear on my trip to Europe in early December, the United States does not condone torture. Nor does it transport detainees from one country to another for the purpose of being tortured. Moreover, our policy has been clear that the United States does not authorize interrogations that involve cruel, inhuman, or degrading treatment, as defined by U.S. obligations under the Torture Convention, regardless of where those interrogations occur. The Detainee Treatment Act codified this policy into law.

QUESTIONS OF SENATOR MEL MARTINEZ

WESTERN HEMISPHERE ACCOUNTS: USAID PROGRAMS

Question. The biggest regional funding setbacks appear to be in the two key USAID Bilateral Economic Assistance programs: Child Survival/Health and Development Assistance, which suffered a combined decrease from last year's actual funding of more than $85 million. Even counting the significant $31 million boost that State Economic Support Fund (ESF) and the $22 million increase in funding for HIV/AIDS in Haiti and Guyana, the net regional decrease (more than $32 million) is troubling.

Why were these decreases to USAID programs necessary? Some of that decrease may be the result of some countries naturally "graduating" or ramping off of certain child care programs (e.g., El Salvador, Haiti, Honduras, Nicaragua, Bolivia, Peru), but it seems that even that money should be reinvested in the region. Did you consider shifting it to other countries in the region?

Answer. While the FY 2007 request for Development Assistance funding has been reduced from $254 million to $182 million (28% reduction) and Child Survival and Health (CSH) funding has declined from $141 million to $128 million (10% reduction), the overall foreign assistance request for the region has remained in line with previous years because of increased Millennium Challenge Account (MCA) funding.

Most of the reduction in CSH is in the family planning budget category. The Agency has recently developed criteria for phasing out USAID family planning assistance, based on two internationally accepted benchmarks in family planning: Total fertility and contraceptive prevalence rates. Using these criteria, the LAC Bureau has identified six countries in which to phase-out family planning assistance over a 2- to 5-year period. The Bureau will gradually reduce the amount of CSH-funded family planning assistance in the Dominican Republic, El Salvador, Jamaica, Nicaragua, Paraguay, and Peru.

Much work remains to be done to improve equitable and sustainable access to voluntary family planning services in Haiti, Bolivia, Guatemala, and Honduras—coun-

tries that do not meet the Agency-defined criteria for phaseout of family planning assistance. Therefore, these family planning programs are not being phased out.

The administration has determined that the majority of CSH resources will be targeted to regions of the world that have greater need for health resources with large population densities, limited access to clean water, and lack arable land. No consideration was given to shifting resources to other countries in the region.

WESTERN HEMISPHERE ACCOUNTS: COUNTERDRUG & LAW ENFORCEMENT PROGRAMS

Question. The two key counterdrug programs for the region, International Narcotics Control and Law Enforcement (INL) ($60,885M to $54,800M) and Andean Counter Drug Initiative (ACI) (from $727,155M to $721,500M) have been decreased a total of $11,740M. This is the wrong time to trim counterdrug programs in the region. Why were these funds decreased overall? Why were programs in Peru and Bolivia decreased so much? (Peru: $106,920 to $98,500; Bolivia: From $79.2M to $66M)

Answer. The decreased FY 2007 budget request for the Western Hemisphere INCLE account primarily reflects a $5 million reduction in funding for Haiti in an effort, to take into account the country's capacity to absorb assistance and effectively use the assistance we provide to rebuild law enforcement and judicial institutions.

The FY 2007 budget request for all of ACI provides virtually the same level of funding as in FY 2006. However, the need to keep Colombia at viable levels, to meet funding requirements for the Air Bridge Denial program, and to accelerate the Critical Flight Safety program necessitated funding adjustments within the ACI account. For example, we will continue the Air Bridge Denial program in FY 2007 by funding it through the Colombia Interdiction line item instead of a separate line item, as was the case in previous fiscal years. The FY 2007 ACI request also devotes additional resources to the much-needed Critical Flight Safety Program. The increased request for this program will accelerate the Department of State's Air Wing's efforts to upgrade its severely aged aircraft fleet to commercial standards in order to sustain counternarcotics and counterterrorism missions in the Andean region.

At $66 million, Bolivia will have sufficient funds to maintain current program levels. New programs that were envisioned for FY 2007, such as forced eradication operations in the Yungas, will not be possible at this level of funding. However, while the decision to reduce the Bolivia program to a level below the FY 2006 was made prior to the election of Evo Morales as President, it does not appear that the Morales administration is planning on pursuing aggressive coca reduction policies in the Yungas. USG-owned aviation assets in Bolivia will also benefit from the Critical Flight Safety program, which will upgrade seven helicopters at an approximate cost of $21 million.

The FY 2007 funding request for Peru mirrors the administration's FY 2006 request of $98 million. An increased appropriation in FY 2006 plus our FY 2007 request, along with some internal shifting of program resources, will enable the Government of Peru to enhance levels of interdiction and eradication to address the 38-percent increase in coca cultivation and meet program targets.

Question. The two key counterdrug programs for the region, International Narcotics Control and Law Enforcement (INL) ($60,885M to $54,800M) and Andean Counter Drug Initiative (ACI) (from $727,155M to $721,500M) have been decreased a total of $11,740M. This is the wrong time to trim counterdrug programs in the region. Why was the Haiti law enforcement funding decreased—at a time when we need to sustain support to Haiti?

Answer. We agree that Haiti needs sustained support. However, we must balance our efforts to build an effective administration of justice and law enforcement structure with the absorptive capacity of the Haitian Government. We have made a long-term commitment to rebuild Haiti's law enforcement and judicial institutions that takes into account Haiti's ability to use the provided assistance effectively.

We believe that the level of funding for law enforcement is appropriate given the current situation in Haiti. We will continue to closely monitor the situation and recommend changes as necessary. We hope that our assistance will grow as a democratically elected government takes office and the fruits of our initial reform take hold, increasing Haiti's absorptive capacity.

WESTERN HEMISPHERE ACCOUNTS: FOREIGN MILITARY FINANCING (FMF) AND INTERNATIONAL MILITARY AND EDUCATION TRAINING (IMET) PROGRAM

Question. What is your assessment of how the FMF program is working in the region?

Answer. The FMF program in the Western Hemisphere is working well, despite the tight budget environment and American Servicemembers' Protection Act prohibitions on some military assistance programs. FMF assists regional governments to control their national territory, better defend maritime approaches to the United States, and undertake defense modernization for participation in peacekeeping and coalition operations. Among our larger programs, FMF supports Colombia's counterterrorism and naval interdiction efforts, which have resulted in a decrease in terrorist attacks in that country from 1,257 in 2003 to 611 in 2005; modernization and interoperability programs for El Salvador, which as a key coalition partner is currently on its fifth rotation in Iraq and has committed to a sixth; and a new initiative—Enduring Friendship—to enhance security of our "Third Border" by promoting Caribbean security and stability. In addition to individual country programs through which countries receive assistance, the Enduring Friendship regional program would provide FMF funds to select Caribbean countries to support maritime security efforts in the Caribbean Basin. Also, as part of the broader security assistance program for the region, four Central American countries have received peacekeeping operations funding in the past to enhance their peacekeeping capabilities as part of a worldwide peacekeeping operations initiative and may again receive funding in FY07.

Question. Should we consider delinking IMET—for specifically targeted countries—from constraints imposed by American Service Member Protection Act (ASPA)?

Answer. First, it is important to remember why we pursue article 98 agreements. We have major reservations with the International Criminal Court and its claim of jurisdiction over U.S. persons. These agreements protect all U.S. persons and servicemembers from surrender to the International Criminal Court without our consent and thus remain a priority for the President and the Department of State.

The prohibitions the Congress included in the American Servicemembers' Protection Act (ASPA) have been useful in securing many of the 101 article 98 agreements we have signed to date. These are important agreements to protect U.S. persons from illegitimate assertions of jurisdiction over all U.S. persons—particularly our servicemembers acting overseas. We have authority in the ASPA to waive the prohibitions for important national interests and are now reviewing the remaining IMET prohibitions on countries that have not yet signed an article 98 agreement to determine whether this prohibition is still helpful to our efforts to secure article 98 agreements and whether it is important to our national interest to restart IMET programs with these countries even in the absence of article 98 agreements.

Question. Do you agree that the sanctions that cut the flow of IMET money can create a vacuum that other nations might fill and limit our contact? Is the executive branch considering using the ASPA authority to allow IMET money for countries that are ICC signatories—but do not have article 98 agreements? Do you think a legislative fix would be required?

Answer. Attempts by countries such as China, the United Kingdom, Russia, France, and India to expand their influence by offering military training predates the American Servicemembers' Protection Act (ASPA), but the ASPA prohibitions may have opened a wider window of opportunity for them in some countries. The prohibitions Congress included in the ASPA have been useful in securing many of the 101 article 98 agreements we have signed to date. These are important agreements to protect U.S. persons from illegitimate assertions of jurisdiction over U.S. citizens. We believe we have adequate authority in the ASPA to waive the prohibitions for important national interests and are now reviewing the remaining IMET prohibitions on countries that have not yet signed an article 98 agreement to determine whether this prohibition still provides leverage in our efforts to secure article 98 agreements to protect U.S. persons from surrender to the International Criminal Court without U.S. consent and whether it is important to our national interest to restart IMET programs with these countries.

MILLENNIUM CHALLENGE CORPORATION

Question. Is the $3B in this year's request enough? It appears that if you move forward on planned compacts that are already in the pipeline—your funds could be

obligated by the end of this fiscal year. Is that accurate? What will happen if additional countries come on line seeking funding?

Answer. On April 3, 2006, MCC will sign its eighth compact, reflecting commitments of over $1.5 billion, in addition to having signed threshold agreements with five countries for nearly $100 million. In the current fiscal year, MCC is on track to finalize at least three more compacts totaling an additional $1.1 billion, which will represent funding commitments of up to $1.7 billion for FY06, almost twice the level committed in FY05.

MCC projects that in the FY07, we expect to sign between 9 and 12 new compacts, comprising commitments of more than $3 billion. As a result, MCC will have total commitments approaching $6 billion, with up to 21 countries, by the end of FY07.

Because of the robust demand of eligible countries, we are projecting that all currently available program funds from FY04, FY05, and FY06 will be exhausted by the second quarter of FY07, making the FY07 request for MCC all that more critical to our success.

At funding levels lower than $3 billion, MCC will likely delay negotiating compacts with some eligible countries, not to mention the newly eligible FY07 countries that the Board of Directors will select this November. It would be unfortunate if these countries who have undertaken significant political, economic, and social policy reforms, and those striving to be selected, find that meeting the criteria for eligibility does not result in actual funding of their development projects to achieve long-term sustainable economic growth.

As Chair of the MCC Board of Directors, this is something I, and the board, feel strongly about, as noted in the recent letter to Senate and House appropriators that each member of the board signed. I look forward to working with Congress to ensure that MCC has sufficient funding as we move forward with our critical mission in the developing world.

Question. I know that before the recent elections, the previous government in Bolivia submitted an ambitious project for the consideration of the MCC Board. What is the status of that project? Has the MCC Board reviewed it? Is it a proposal that has merit?

Answer. The Bolivian Government under President Rodriguez delivered an ambitious proposal to MCC on December 1, 2005, 3 weeks before the elections that brought the Morales administration into power. At that time, MCC agreed with the Bolivian Government and the Bolivian Embassy in Washington that MCC would wait to review the proposal until the new government was established and indicated whether it wished to proceed with the December proposal or develop a new proposal.

As of March 1, 2006, the Morales administration has not formally communicated its intentions to MCC with respect to the December proposal. The MCC Board of Directors has not reviewed the proposal. MCC staff has not undertaken a thorough review of the proposal as MCC is awaiting the position to be adopted by the Morales administration with respect to the proposal.

Question. Was this project coordinated with the Morales campaign? If so, what have been the early signals on whether they will proceed forward vigorously with this project?

Answer. The proposal submitted to MCC was not coordinated with the Morales campaign directly but rather was developed through a consultative process to which the Morales campaign and its major constituencies were parties. On several occasions during the process the Bolivian MCC program coordinator contacted the leaders of all the leading political parties with regard to the proposal being developed.

As of March 1, 2006, the Morales administration has not formally communicated its intentions to MCC with respect to the December proposal.

Question. What linkage—if any—is there between awards of Millennium Challenge funding and other State and USAID assistance? Do we decrease State-ESF or USAID DA or Child Surv/Health if/when a country receives MC assistance?

Answer. Funding for MCA has not resulted in reductions to traditional assistance programs during this administration. Consistent with the commitments made in Monterrey, Mexico, the administration has maintained or grown the core development accounts while ramping up the Millennium Challenge Account (MCA) and the President's Emergency Plan for AIDS Relief (PEPFAR). For example, in 2001, enacted funding for Development Assistance and Child Survival & Heath accounts totaled $2.12 billion. In the President's FY07 budget, $2.71 billion is requested for these two same core accounts. As MCA builds to full capacity and its intended funding level of $5 billion annually, it will become the principal U.S. assistance mecha-

nism in its partner countries, allowing USAID to continue to refocus its aid resources where they can have the greatest impact on poverty reduction and key development needs, like education and health.

QUESTIONS OF SENATOR PAUL SARBANES

Question. On what basis do you estimate such sharply reduced (IDFA) needs for FY 2007?

Answer. The requested level of funding should be sufficient to maintain the U.S. Government's ability to monitor and initiate responses to emergency needs worldwide.

IDFA funding for FY 2007 will also allow the U.S. Government to continue to improve emergency response and disaster mitigation capabilities of disaster-prone countries.

The budget would not be sufficient to ensure an adequate U.S. Government response in the event of a large-scale natural disaster or major famine event (e.g., Asia's tsunami, Pakistan earthquake, Ethiopia 2000–01).

Question. Can you explain why you have once again cut ASHA in the FY 2007 request?

Answer. FY 2007 is a tight budget year. We have allocated available resources as best we can to meet a broad range of priorities. We continue to value ASHA programs.

Question. Despite a record of efficiency and results, acknowledged even by Ambassador Bolton, UNICEF faces a cut in the proposed U.S. contribution for FY07. Likewise, the budget request cuts over $14 million from UNDP, and earmarks nearly half of the remaining $94.5 million for trust funds. What is the rationale for cutting programs that have proven their cost-effectiveness?

Answer. The administration's FY 2007 International Organizations and Programs (IO&P) request, which funds voluntary U.S. contributions, aims not to exceed $289 million, or 2.5 percent over the FY06 request. The requests for UNICEF ($123 million) and UNDP ($94.5 million) together account for 75 percent of the IO&P budget request.

The FY 2007 request for UNICEF represents a $9 million increase over the administration's request of $14 million in FY06. The $9 million increase in the request for UNICEF accounts for more than 100 percent of the total net requested increase in the IO&P account ($289 million in FY07 versus $282 million in FY06).

The U.S. Government is the largest single donor to UNICEF. The United States has played a leadership role in UNICEF since its inception and continues to do so under the leadership of former Secretary of Agriculture, Ann Veneman, as the UNICEF Executive Director. The United States support for, and leadership in, UNICEF activities offers compelling evidence of the U.S. commitment to the United Nations, to multilateralism, and to addressing humanitarian crises and development challenges.

> With respect to UNDP, the administration's FY07 request of $94.5 million is virtually the same as the FY06 request of $95 million. The FY07 request includes $50 million for UNDP's regular budget to support administrative and general programming costs. It also includes $24.5 million and $20 million respectively to UNDP trust funds for democratic governance and crisis prevention and recovery. These are core UNDP functions.

Moreover, these allocations support the Secretary's initiative to restructure foreign assistance by aligning our resources with our interests and priorities.

Question. What is the total of our current international peacekeeping arrears? Why has the administration not requested funding to pay these arrears? Do you support lifting the cap on peacekeeping contributions, which is the cause of our going into arrears?

Answer. Prior to FY 2000, the U.S.-accumulated arrears of approximately $400 million primarily caused by a 25-percent cap on peacekeeping payments. Although Congress appropriated sufficient funds each year from FY 2000 until FY 2005 to pay annual assessments, the pre-2000 arrears remain outstanding, and in FY 2005 our arrears grew by $145 million because appropriated funds were not equal to our assessments.

The shortfall for FY 2005 of $145.010 million and the projected shortfall for FY 2006 of $376.752 million totals $521.762 million. Due to the emergency situation in Sudan/Darfur, the FY 2006 supplemental budget contains a request of $69.8 million

in the CIPA account for Sudan/Darfur as well as transfer authority language from the peacekeeping operations request which, in total, would offset $129.8 million of the above total arrears for a net projected new arrears of $391.962 million at the end of FY 2006.

The administration strongly supports full payment of U.N. peacekeeping assessments to ensure continued American leadership in shaping the international community's response to developments that threaten international peace and stability. The administration requested authority to lift the 25-percent assessment rate cap on payments of U.N. peacekeeping assessments during FY 2006, in order to permit payments at the rate assessed by the United Nations, up to 27.1 percent. However, this authority was not included in the enacted FY 2006 appropriations legislation.

Question. What do you estimate to be the increased costs for salaries, hardship and danger pay, language training, educational allowances, security upgrades, and other personnel-related expenses in connection with the "global repositioning" plan?

Answer. This summer we are beginning a shift of 100 personnel from Washington and the European Affairs bureau (EUR) to overseas positions in the other regional bureaus as well as within a number of regions. The initiative also includes new Iran-related positions in Washington and abroad. As we are just starting the implementation process, the impact in FY 2006 will mostly be related to one-time startup costs for establishing the new positions from EUR and Washington in other areas of the world and shifting positions within some regions. We are going through a process now to identify the net change in salary and position support costs, taking into account the timing of when incumbents will vacate positions being abolished and when officers will arrive in the newly created positions. These costs (approximately $5 million across all bureaus) are being incorporated into our FY 2006 spending plans and will pay future dividends by shifting our personnel and resources to critical needs posts overseas.

Question. What kinds of security studies have been done, or will be done, prior to opening the American Presence Posts, where our diplomats would move outside the Embassy to live and work and represent America in potentially difficult and dangerous settings?

Answer. The Bureau of Diplomatic Security participates in an interdepartmental working group that is studying the concept of American Presence Posts (APPs) 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 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.

Question. In the aftermath of September 11, Congress granted the President limited and conditional authority to waive section 907 of the Freedom Support Act. As part of that waiver, there was also an agreement made between the administration and Congress to ensure military parity between Armenia and Azerbaijan. However, in this year's budget, the President has requested $4.5 million in FMF for Azerbaijan and only $3.5 million for Armenia, as well as $885,000 in IMET for Azerbaijan and only $790,000 for Armenia. On what basis has the administration decided to depart from its previous commitment to provide equal amounts of military assistance for Armenia and Azerbaijan? What actions has the United States taken in response to belligerent rhetoric from Azerbaijan, such as President Aliyev's statements that "this year defense spending has grown by 76 percent, we will create a powerful army and will be able to liberate our lands at any time," and that "hostilities could break out again" if the international community does not force Armenia to return Nagorno-Karabakh?

Answer. The waiver of section 907 of the FREEDOM Support Act annually since 2002 has allowed us to provide military assistance that enhances Azerbaijan's interoperability with NATO and U.S. forces. The proposed FY 2007 FMF level for Azerbaijan is linked to U.S. priorities in fighting terrorism and strengthening maritime security to address WMD proliferation, terrorist transit, and drug trafficking on the Caspian Sea. FMF will also enhance Azerbaijan's capabilities to participate in international peacekeeping efforts.

We share your concerns about the still-unresolved Nagorno-Karabakh conflict. The minor increase in FMF for Azerbaijan as proposed in the President's budget request in January does not signal any change in the U.S. position on Nagorno-Karabakh. We have communicated that very clearly to the governments of both nations. Furthermore, we provide all assistance on terms that clarify both its intended purposes and the limitations on its use.

Question. How much of Iraq's preinvasion debt has been forgiven by countries other than the United States? How much debt remains, and to which countries?

Answer. Iraq's sovereign debt outstanding in April 2003 was approximately $124 billion, of which about $100 billion was owed to other countries and $24 billion owed to commercial creditors. Of the debt to other countries, $39.6 billion was held by Paris Club creditors (which includes the G–8 and other developed countries). The exact amount of Iraq's sovereign debt will only be known once Iraq has reconciled claims with all its creditors and negotiated debt reduction agreements.

The Paris Club agreed in November 2004 to forgive 80 percent of Iraq's Paris Club debt in three tranches (30% when the agreement was signed; 30% once Iraq reached a standby arrangement with the IMF; and a final 20% after 3 years of successful performance under the standby arrangement). All but two of the 18 Paris Club members have signed bilateral agreements with Iraq implementing the Paris Club agreement. Iraq expects to reach agreements with the last two, Russia and Australia, soon.

Iraq's remaining debt to other countries, estimated at about $61.6 billion, is owed primarily to Arabian Peninsula countries ($44 billion). Iraq expects to resume discussions soon with these debtors over settlement of their claims, which remain to be reconciled.

We have urged all non-Paris Club countries to give Iraq debt reduction at Paris Club terms, if not better. Romania, Slovakia, and Malta have concluded debt agreements; we expect others to do so. At Iraq's request, the Paris Club will send letters to 11 of Iraq's non-Paris Club creditors urging them to conclude agreements at Paris Club terms.

Iraq has also made considerable progress with its commercial creditors, with claimants holding nearly 70 percent of the commercial claims having accepted offers to settle on terms comparable to Paris Club terms.

Question. Why does the FY 2007 budget request fail to account for the full costs of ongoing war operations in Iraq and Afghanistan? How can these expenses be justified as "unanticipated emergencies"?

Answer. The FY 2007 request for foreign assistance includes $771.19 million in ESF and other programs for Iraq, and $610 million in ESF and other programs for Afghanistan. None of this money has been requested to fund ongoing military operations. This funding would support programs that are critical to continuing our engagement with Afghanistan and Iraq, and supporting their transition to self-reliance.

For Iraq, these programs are broken down into two main areas. First, $276.5 million is for a range of programs to develop the capacity of Iraq's national-level government, support economic reform, and develop the agricultural and private sectors. Second, $494.69 million is requested to support a range of political, rule of law, and democracy programs. While we believe that this funding will be critical in achieving our goals of supporting Iraq's transition, we are not seeking these funds on the basis of "unanticipated emergencies."

In Afghanistan, the $610 million FY 2007 ESF request represents funding for the large-scale USG reconstruction program taking place around the country. Like Iraq, this funding request is not for military operations and we are not seeking it on the basis of "unanticipated emergencies." Almost half of the FY 2007 request—$276.5—will be used to fund infrastructure projects (roads and electrical power projects). The remainder of the FY 2007 ESF request, if approved, would be spread across various sectors including: Education, Health, Agriculture and Alternative Livelihoods, Economic Governance, Democracy and Governance, and PRT Quick Impact projects.

Question. On January 5, the President announced the launch of a new "National Security Language Initiative" and promised to request $114 million in FY07. How much of this funding is included in the State Department's budget. Which new or improved programs will these funds support?

Answer. The State Department portion of the $114 million is $26.7 million. This amount will allow the Department to support study of critical languages by Americans and build on the achievements of the flagship Fulbright Scholarship program, Gilman Scholarships for U.S. undergraduates and youth exchange programs through the following activities:

- *U.S. Fulbright Students:* Provide 6 months of overseas language study as an add-on to U.S. Fulbright student grants for at least 150 selected participants to study critical-need languages before beginning their academic projects.
- *Intensive Advanced Language Study:* Expand intensive overseas summer language study institutes in critical-need languages for American university students at intermediate and advanced levels.
- *Intensive Introductory Language Institutes:* Increase the study of critical-need languages by American undergraduates through overseas summer language programs for beginners.
- *Gilman Scholarships:* Triple the number of opportunities for Gilman scholars (U.S. undergraduates with financial need) to study abroad in critical-need language countries.
- *Fulbright Teaching Assistants:* Expand the Fulbright Foreign Language Teaching Assistant (FLTA) program to bring 300 foreign teachers to the United States to help teach their native languages at U.S colleges and high schools, while studying English and U.S. studies.
- *Teacher Exchange:* Bring 25 foreign high school teachers of English to the United States to teach Chinese, Arabic, and Russian in U.S. high schools and send 50 American teachers abroad for intensive summer study of critical-need languages.
- *High School Exchange:* Expand academic year, semester, and short-term exchanges abroad for American high school students in critical-need languages.
- *Overseas Teaching:* Increase support for USG-funded institutions providing critical-need language instruction abroad, such as the American Overseas Research Centers.

In addition to the $26.7 million, the President's request includes $1.2 million to provide for 8 additional positions critical to the successful execution of these initiatives.

Question. Concerns have been raised within the academic community that the Commerce Department's proposed rule on "deemed exports" will have a significant negative impact on our ability to attract and retain highly qualified foreign students and researchers to U.S. universities. Do you believe there are fundamental differences between universities and private companies that should be reflected in the final rule? When do you expect the Commerce Department to publish its response to the rulemaking?

Answer. We are working with the Department of Commerce to ensure that should there be any change to the deemed export regulation, such a change would balance the need to protect national security with our ability to attract the best foreign researchers to our universities.

The Export Administration Regulations (EAR) already treats university research differently and we don't expect this to change. The vast majority of basic and applied science research conducted in U.S. universities results in open and published information that is shared with the broader scientific community. This information is considered "fundamental research" and does not require an export license under the EAR. Such research can be distinguished from corporate and U.S. Government sponsored research, the results of which are restricted for proprietary and national security reasons.

We are encouraging the Department of Commerce to consult further with the academic community and others before publishing a proposed regulation.

Question. During the course of developing your recommendations for changes to the U.S. foreign assistance structure, there has been virtually no consultation with congressional Democrats or with private voluntary organizations that play a major role in implementing foreign assistance programs. Why has there not been more consultation thus far, and what will you do to improve the consultative process as the reform effort proceeds?

Answer. The changes that have been made to date are internal and aimed at seeking better performance under the authorities already granted us by the Congress. We welcome further discussions about ways to improve foreign assistance as we move forward.

Question. Following your testimony before the committee on February 16, 2005, you were asked a question for the record by Senator Biden, as follows:

> *Question.* When do you anticipate providing the administration's treaty priority list for the 109th Congress?
>
> Answer. The Treaty Priority List has been prepared and is being cleared throughout the executive branch; we plan to submit it to the committee

shortly. The Department recognizes the importance of this list in assisting the committee to organize its work and is very appreciative of the cooperation it has received from the committee in the treaty law area during the 108th Congress.

Why has the Treaty Priority List for the 109th Congress never been submitted?

Answer. In a letter of April 5, 2006, the State Department provided Senator Biden with a list of 16 treaties that had been identified in briefings by the administration as treaty priorities or treaties for which the administration supported progress by the Senate. These treaties are as follows:

- Extradition Treaty with the United Kingdom
- Treaty with Japan on Mutual Legal Assistance in Criminal Matters
- Treaty with Germany on Mutual Legal Assistance in Criminal Matters
- Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean
- Convention for Strengthening of the Inter-American Tropical Tuna Commission Established by the 1949 Convention Between the United States of America and the Republic of Costa Rica
- Agreement with Canada on Pacific Hake/Whiting
- Protocol of 1997 To Amend the International Convention for the Prevention of Pollution From Ships, 1973, as Modified by the Protocol of 1978 Relating Thereto
- Convention on Supplementary Compensation for Nuclear Damage
- Council of Europe Convention on Cybercrime
- United Nations Convention Against Transnational Organized Crime and Two Supplementary Protocols
- Protocol of Amendment to the International Convention on the Simplification and Harmonization of Customs Procedures
- Inter-American Convention Against Terrorism
- United Nations Convention on the Law of the Sea
- Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, with Annexes
- Stockholm Convention on Certain Persistent Organic Pollutants
- Treaty with Sweden on Mutual Legal Assistance in Criminal Matters

Since last year's briefings, we are pleased that the Senate took action on the treaties listed below:

- Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean
- Convention for Strengthening of the Inter-American Tropical Tuna Commission Established by the 1949 Convention Between the United States of America and the Republic of Costa Rica
- Agreement with Canada on Pacific Hake/Whiting
- United Nations Convention Against Transnational Organized Crime and Two Supplementary Protocols
- Protocol of Amendment to the International Convention on the Simplification and Harmonization of Customs Procedures
- Inter-American Convention Against Terrorism

We would appreciate the committee's rapid action on the treaties remaining on the original list. We also would be happy to discuss any additional treaties on which you may have questions or an interest.

QUESTIONS OF SENATOR LINCOLN CHAFEE

Question. Can you explain how this budget submission meets the needs of the new Liberian Government as you currently view them, and amplify in what ways you could envision your position changing if the Liberian Government says they need more assistance?

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.

The FY 2007 request of $89.945 million for Liberia should continue our support for many programs:

- Economic Support Funds (ESF) would continue to provide funding primarily for quick-impact reconstruction of schools, hospitals, and government buildings in county centers using war-affected youth, as well as rural road construction needed to facilitate economic revival. It would also support transparent economic management (GEMAP), civil service retrenchment, national reconciliation (TRC), judicial reform and police training.
- Child Survival and Health (CSH) would expand primary health care in targeted communities; strengthen nongovernmental organizations and county health teams organizationally; and expand health care training.
- Development Assistance (DA) would expand USAID's community-focused, post-war rehabilitation and reconstruction activities. DA would increase access to justice, agricultural production and market access, train newly elected government officials, strengthen civil society, and support education.
- International Narcotics Control and Law Enforcement (INCLE) funds would provide civilian police to the U.N. mission to monitor, mentor, and reform the Liberian National Police.
- Peacekeeping Operation funds (PKO) would support security sector reform (SSR). This funding would help create a professional, capable, and fiscally sustainable Liberian military.
- Foreign Military Financing (FMF) would support ongoing SSR with sustainment training and some military equipment.
- International Military Education and Training (IMET) would fund leadership and specialized skills training for the new Liberian military.
- Migration and Refugee Assistance (MRA) funding for Africa would support the return and reintegration to Liberia of refugees and internally displaced persons and Liberian refugees from Côte d'Ivoire, Guinea, and Sierra Leone.

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.

Question. Also, we have a large, vibrant, and important Liberian population in Rhode Island, and they are justifiably concerned about what their immigration status will be with a newly elected government in Liberia. As you know, these brave people came to a new country after fleeing a disastrous situation in their home country and have set down roots, started families, become part of the community. In addition to being an asset here, they are an important source of support, for instance through remittances, for family members that reside in Liberia. I know this is outside your specific purview, but I think you are an important voice on this issue: Can you share with me your view on the immigration status of Liberians residing in the United States as well as whether you support the goal of Senator Reed and my bill, S. 656?

Answer. As you have indicated, many of the 15,000–20,000 Liberians living in the United States fled their country's long civil war. Now that peace is taking hold in Liberia and a new, democratically elected government is in place, many of these Liberians will choose to return home. Many others will choose to remain in the United States and move ahead on the path toward U.S. citizenship.

Some 3,792 Liberians are currently living in the United States under Temporary Protected Status (TPS). As you are aware, the power to grant TPS is based upon criteria outlined in section 244 of the Immigration and Nationality Act (INA), 8 U.S.C. 1254a, and is vested in the Department of Homeland Security (DHS). The Secretary of Homeland Security exercises this authority in consultation with the State Department and other appropriate agencies. On August 16, 2005, DHS announced an extension for a period of 12 months of the TPS designation for Liberia. The State Department is consulting with DHS on country conditions in Liberia in the current review of Liberia's TPS status.

As for S. 656, the Liberian Refugee Immigration Fairness Act of 2005, the Office of Management and Budget normally coordinates the administration's position on pending legislation. The State Department would be but one interested agency contributing to that overall position. I would not want to get ahead of that process here.

Question. In his State of the Union Address, President Bush spoke of the importance to U.S. national security of investing in the foreign affairs budget by stating, "Shortchanging these efforts would increase the suffering and chaos of our world, undercut our long-term security, and dull the conscience of our country." Secretary Rice, could you comment on how the programs in your budget are an integral component of our country's national security? Also, given the importance you and the President have placed on development, democracy, and diplomacy, does this budget provide enough funding to meet our national security needs?

Answer. Assuring U.S. national security, both physical and economic, immediate and long term, is our top foreign policy priority. It is the prerequisite to our freedom and prosperity, and to our being able to advance these goals elsewhere. But our security interests cannot be achieved apart from our development goals and our democratic ideals in today's world. Our assistance must integrate and advance all of these goals together.

Accordingly, the primary objective of our assistance is 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. In the near term we must give priority to nations that are strategically important in the war against terrorism. The largest single piece of our 2007 foreign assistance budget request is to strengthen the coalition partners 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, wage more successful counterterrorism operations, and provide for their own defense. In many states, our assistance will also help to bolster thriving democratic and economic institutions reducing the societal schisms that terrorists exploit for their own ideological purposes. These programs support not only the security of our friends and allies, but ultimately the security of the United States.

Question. In 1975 Daniel Patrick Moynihan observed that ethnic influence has become "the single most important determinant of American foreign policy." In the last quarter century, global travel networks and communications technology have enabled a growing number of the world's population to simultaneously participate in more than one society. What is the State Department's perception of these diaspora communities? Do you think there are benefits, or negative consequences, to engagement with diasporas, specifically with regard to our foreign policy goals? Are there any foreign aid projects currently being conducted, or planned on, through this budget, that include diaspora research and engagement? In your opinion, are these projects, if any, sufficient? What types of further initiatives—either specific projects or more general policy-focused research—do you think could be useful?

Answer. The United States rightly celebrates its diverse population. Diaspora communities can be a powerful force for positive change. Indeed, many of our programs in settings as diverse as India, Armenia, and Haiti are already building effective partnerships with diaspora communities to accelerate development.

At the same time, we recognize that this subject warrants more research and discussion which could generate new opportunities for collaboration. I welcome the opportunity to work with diaspora communities to encourage their contributions to our foreign assistance efforts.

Question. Nearly 11 million children under the age of 5 die each year. Many of these children live in the developing world, and the most common causes of death are preventable or treatable diseases such as measles, tetanus, diarrhea, pneumonia, and malaria. These illnesses are easy to diagnose and extremely cost effective to treat. To help address this problem, I am proud to have joined with Chairman Lugar, Senator Boxer, and many others in enacting the Assistance for Orphans and Other Vulnerable Children in Developing Countries Act of 2005. More broadly, in 2000, the United States joined 188 other countries in supporting eight Millennium Development Goals designed to achieve "a more peaceful, prosperous, and just world." Two of the Millennium Development Goals call for a reduction in the mortality rate of children under the age of 5 by two-thirds and a reduction in maternal deaths by three-quarters by 2015. On September 14, 2005, President George W. Bush stated before the leaders of the world: "To spread a vision of hope, the United States is determined to help nations that are struggling with poverty. We are committed to the Millennium Development Goals." Will the funding requested for child survival and maternal health meet the goals we have committed to?

Answer. The Millennium Development Goals (MDGs) include, inter alia, the global targets to reduce by two-thirds the mortality rate of children under 5 and to reduce by three-quarters the maternal mortality ratio by 2015. The MDGs are targets for all U.N. Member States, and we are working together with other donors to make the most effective use of aid resources. Money alone is not sufficient to meet the MDGs on time. According to UNICEF, for example, at the current rate of progress it will take until 2045 (as opposed to 2015) to reduce under-5 mortality by two-thirds in developing countries.

More important than money is building capacity to achieve the MDGs. U.S. foreign assistance programs work closely with countries on a bilateral level, as well as on a multilateral level through our partners, the United Nations, and other organizations. Our programs in global health have had a great and lasting impact not

only because we are committing more public and private resources, but also because we are altering the landscape of our foreign assistance programs with a commitment to results. Through a series of international conferences, treaties, and initiatives, world leaders, governments, and donor agencies have developed strategies aimed at reducing child and maternal mortality, halting and reversing the spread of HIV/AIDS and other infectious diseases, insuring financing for these as well as other development needs, and formulating a global plan of action for sustainable development. Great strides have been made: Immunization programs have saved millions of children's lives; low-cost rehydration therapy has contributed to a 33-percent increase in life expectancy in the developing world; smallpox has been eradicated worldwide; and in the past 20 years the number of the world's chronically undernourished has been reduced by 50 percent.

Question. The President highlighted the importance of basic education, especially the unmet educational needs of girls throughout the world, in the State of the Union. I agree with him, and you, Secretary Rice, on the goals of improving basic education, and it being a critical element of transformational diplomacy. Given its importance, I am curious to why funding is not more robust. Can you speak to why the administration has requested a cut in funding for basic education? Can you address whether the number of countries receiving basic education assistance will be reduced, what countries will be affected, and if fewer children will be educated if the budget request is enacted?

Answer. The administration has allocated 20 percent of its Development Assistance request for FY 2007 to basic education. This is the same proportion of Development Assistance (DA) funds as was allocated to basic education in FY 2005 and reflects the importance the administration places on improving basic education in its overall development agenda.

In its FY 2007 Congressional Budget Justification, the Agency for International Development proposed that 36 countries receive DA-funded basic education assistance. That is three fewer countries than are receiving DA-funded basic education assistance in FY 2006. Benin, Madagascar, and Malawi are the countries that would not receive basic education development assistance in FY 2007.

Question. I think our response to the tsunami and the Pakistani earthquake demonstrated our compassion as a nation. In addition to being the right thing to do, it appears that we are benefiting from our actions in terms of improving our standing in the Muslim world. Many have said that the sight of the USS *Abraham Lincoln,* used as a base of operations following the tsunami off the coast of Indonesia, and the sight of U.S. helicopters in Pakistan in relief operations after the earthquake were tangible evidence of U.S. power being used for good. With the military humanitarian relief response ending, how are we continuing to visibly demonstrate that we have a long-term commitment to helping these people recover? Also, are we using the space that these events seem to have created to push for peaceful resolution to regional conflicts? I know we have seen notable successes in Indonesia, and I am wondering if similar efforts are being made in Sri Lanka and Kashmir?

Answer. The humanitarian assistance provided by the United States after the tsunami and the earthquake vividly demonstrates America's compassion, generosity, and commitment to help those in need and has helped to improve the image of the United States among both Muslims and non-Muslims in the developing world.

The United States will continue to provide humanitarian assistance to the survivors of the October 8 earthquake after U.S. military in-kind support ends on March 31. Our humanitarian assistance has been widely publicized in Pakistan through Embassy Islamabad's daily press releases and frequent local media placements. Relief supplies provided by the U.S. Agency for International Development are required to be marked with the "USAID brand," which indicates that the goods are a gift from the American people. Projects funded by the Office of Foreign Disaster Assistance through its implementing partners are also "branded." These projects will continue to operate and remind Pakistanis of the U.S. contributions to the humanitarian effort after the earthquake relief response ends.

Looking ahead, the United States signed a $200 million agreement with Pakistan in January covering an ambitious 4-year U.S. reconstruction program (fiscal year 2006–fiscal year 2009) whose focus is to rebuild schools and primary health care facilities, ensure a trained workforce, and improve livelihoods. These permanent, seismic-resistant facilities will bear a plaque indicating that they have been funded by the United States. The Embassy will continue to publicize the substantial U.S. contributions to relief and reconstruction to reaffirm our long-term commitment to help Pakistan recover from the earthquake. The President's budget request for fiscal year

2007 includes $50 million in new funding to continue earthquake reconstruction begun in fiscal year 2006.

Pakistan and India have used the earthquake to make modest progress in dealing with the Kashmir dispute. We believe that both governments should take advantage of this opening to advance the reconciliation process and resolve Kashmir peacefully, taking into account the wishes of the people of Kashmir. On March 4 in Islamabad, President Bush said, "The best way for Kashmir to be resolved is for leaders of both countries to step up and take the lead. And that's exactly what President Musharraf has done, and that's what Prime Minister Singh has assured me he wants to do, and that is to resolve this situation. Obviously, there needs to be some confidence in order for the countries to go forward, and therefore, the confidence-building measures that the governments have taken is beginning to bear fruits, in my judgment . . . However, in order for a deal to get done, it requires commitment at the leadership level. And in my perspective, I've seen the commitment, and the role of the United States is to continue to encourage the parties to come together."

The President alluded to some developments that occurred after the earthquake. India and Pakistan opened five border-crossing points on the Line of Control. The two countries are discussing proposals to permit the regular shipment of goods by truck through these crossing points. Openings in the Line of Control have the potential to be significant, reversing more than 50 years of policy forbidding direct travel between the two halves of Kashmir. The people-to-people contacts allowed by these crossing points should greatly improve mutual understanding and encourage both governments to continue to seek resolution of the Kashmir dispute.

Fifteen months after the tsunami struck Sri Lanka, the United States continues to address many facets of the longer term rehabilitation and reconstruction effort. Highlights include construction of a new Arugam Bay bridge, designed to last a century and the only direct link between two tsunami-devastated communities in the east; repairs and upgrades of three damaged harbors, vital to the livelihoods of coastal communities; rehabilitation or reconstruction of vocational as well as educational schools; and construction of playgrounds.

In the aftermath of the tsunami, the U.S. Agency for International Development provided targeted support to 20 municipalities in tsunami-affected districts, focusing on training and technical assistance for political parties at the district level to facilitate a consensus on community rehabilitation and service needs. The programs provided capacity development for community forums to create a network of citizen-led advocacy groups. These initiatives increase the responsiveness of political actors and government officials to community-based needs and opinions on peace and development issues.

The United States had hoped that the implementation of the Post-Tsunami Operational Management Structure, a joint mechanism for managing tsunami relief and reconstruction in Tamil areas, would have helped build confidence between the government and Liberation Tigers of Tamil Eelam and led to progress in the broader peace process. Unfortunately, the Post-Tsunami Operational Management Structure was never implemented after its constitutionality was challenged before the Supreme Court. President Rajapaksa has established a new government agency to oversee tsunami reconstruction, including a program to replace the Post-Tsunami Operational Management Structure.

We welcome the recent progress made in the peace process at the recent talks in Geneva between the government and Liberation Tigers of Tamil Eelam and hope this will lead to further cooperation in providing relief and reconstruction assistance to tsunami-affected areas.

Question. With regard to Pakistan, while the improvement of our image following our response to the earthquake was significant, how would you analyze our standing now? Can you comment on the cartoons of the prophet Muhammed published in Denmark last fall, and the current riots in Pakistan, and what that means for our efforts there? Also, can you give us an update on what the President may bring up on his visit to the region next month, and in particular focus on what efforts will be made for further democratization?

Answer. President Bush's visit to Pakistan highlighted several aspects of our relationship with Pakistan that directly address the interests of its people. Most importantly, the President underscored our commitment to a long-term strategic partnership with Pakistan. This partnership will benefit the people of Pakistan through greater engagement in fields including energy security, education reform, economic opportunity, and science and technology. The President also reiterated our commitment to supporting reconstruction in earthquake-affected areas. Our relief and reconstruction efforts have always been designed to meet urgent humanitarian needs, but they have also improved the popular image of the United States. We are con-

fident that our ongoing support for Pakistan's reconstruction efforts will continue to demonstrate America's compassion, shifting perceptions over the long term.

President Bush and President Musharraf spoke about the need not to hurt religious sensibilities when the topic of the Danish cartoons arose. Many protests in Pakistan were peaceful. We all support the peaceful right to protest. We do not believe that violence and rioting are acceptable political statements.

On democracy, President Bush said, "The elections scheduled for 2007 are a great opportunity for Pakistan. The President [Musharraf] understands these elections need to be open and honest. America will continue to working—working with Pakistan to lay the foundations of democracy." President Bush also underscored the importance the United States places on democracy during his meetings with Pakistani officials. The Department of State is working with the government, political parties, and civil society organizations in Pakistan to ensure that all political parties will have an opportunity to participate in free and fair elections in 2007.

QUESTIONS OF SENATOR CHUCK HAGEL

REGIONAL MIDDLE EAST ISSUES

Question. How does the United States consult with our Middle East partners, and in particular the Gulf States, on the range of critical Middle East issues: Iran, Iraq, Hamas, Hezbollah?

Answer. We have established productive consultative mechanisms with the governments of the region, covering a broad range of topics. In addition, senior officials, beginning with Secretary Rice, frequently travel to the region, engaging on every issue of concern. Secretary Rice was most recently in the Middle East April 26–27, when she visited Iraq. Our Ambassadors and Embassy staffs also enjoy excellent access to officials at all levels through the governments of the region.

Question. Isn't there a need for a better consultative mechanism with our gulf partners that creates a framework for our relationships, and ensures we don't consult with gulf countries only when we have a request?

Answer. Secretary Rice has met collectively with her Gulf Cooperation Council counterparts three times since the fall: In September, at the United Nations General Assembly; in November in Bahrain; and in February in the United Arab Emirates. In addition, our Ambassadors and Embassy staffs enjoy excellent access to officials at all levels through the governments of the region, and senior officials frequently travel to the region to consult with their counterparts. We have almost 10 formal consultative mechanisms with the governments of the gulf that ensure that we share our views regularly, and not just when we seek their assistance. They cover topics from economics and trade to counterterrorism to a broad range of strategic discussions. The United States-Saudi Arabia Strategic Dialogue, for example, was inaugurated last November and comprises Working Groups on Counterterrorism, Human Development and Exchanges, Military Affairs, Energy, Consular Affairs, and Economic and Financial Affairs.

IRAN: U.S. DEMOCRACY ASSISTANCE

Question. Please provide a detailed description of U.S. assistance programming based on FY05, FY06, and requested FY07 (including supplemental) funds. Are any U.S. assistance funds being spent to increase access to the Internet for people inside Iran?

Answer. Our foreign assistance programs for the Near East and North Africa are contained in the Department's Congressional Budget Justification, available on-line at http://www.state.gov/documents/organization/60654.pdf. This document contains both the requested funding levels and a detailed description of their aims. It includes both bilateral and regional programs, such as the Middle East Partnership Initiative and the Multinational Force and Observers.

With regard to Iraq, our foreign assistance program is explained in two separate parts: First, the bulk of the funding enacted in 2003 can be found in the document entitled "Rebuilding Iraq: U.S. Achievements Through the Iraq Relief and Reconstruction Fund," available on-line at http://www.state.gov/p/nea/rls/rpt/60857.htm. Second, our latest FY06 and FY07 budget proposals are highlighted in the document entitled "Advancing the President's National Strategy for Victory in Iraq." This document is available on-line at http://www.state.gov/p/nea/rls/rpt/62397.htm.

The United States is at a critical juncture in its concerns with the Iranian regime. Iran's support for international terrorism, rejection of the Middle East peace process, lack of respect for the human rights of its citizens, and its lack of democracy.

Of course, as the President said, we are also deeply concerned about "the Iranian Government defying the world with its nuclear ambitions." These are serious impediments to Iran's normal relations with the international community. These concerns are symptoms of this corrupt regime's lack of transparency, political openness, and respect for its people.

This year, a Department-wide effort will invest over $10 million in programs that promote democracy and respect for human rights in Iran. This is the third year of this effort. This effort aims to assist those in Iran who are working to bring about increased freedom, better opportunities for all Iranians, and greater respect for human rights. They include civil society activists, advocates for political and economic freedom, those promoting greater freedom of speech and the media, labor rights activists and advocates for rule of law, and increased respect for human rights. The process for awarding these grants is currently ongoing and no funding decisions have yet been made.

In addition to these programs, part of the supplemental budget request the Secretary made to Congress was to expand our communication with the Iranian people. Part of our effort to expand freedom of speech will include programs to provide information to Iranians via the Internet.

The Department has, for the past 3 years, been operating its own Persian-language Web site. The latest metrics show that visits to the site have increased 282 percent in the first 3 months of 2006 as compared to the same period in 2005, and over 60 percent of the visitors come from inside Iran. The site offers content on democracy, U.S. policy, and global issues. The supplemental request would allow the Department to add staff and increase translation to dramatically increase content, provide interactive programs, including Web chat and Web casting, and significantly increase marketing. The supplemental request would also enable the Department to program speakers on democracy and governance topics in neighboring countries, then sending the content back into Iran via neighboring country media and our Persian Web site.

Question. Will the U.S. Government provide any assistance for the purpose of developing Iranian opposition groups outside of Iran?

Answer. We have made clear that the United States strongly supports the aspirations of the Iranian people for freedom and democracy in their country. As President Bush said in the State of the Union Address, "Our Nation hopes one day to be the closest of friends with a free and democratic Iran."

We plan to use $15 million of our supplemental request—in addition to the $10 million that Congress has already appropriated—to empower Iranian activists and further human rights, support and strengthen civil society, help Iranians acquire the skills of citizenry and advocacy, support alternative political centers of gravity, improve justice and accountability, and increase tolerance and freedom of speech, assembly, and other basic rights for the Iranian people.

Our projects focus on influential democratic actors and groups, including labor, women, and students. To this end, the Middle East Partnership Initiative and the Bureau of Human Rights and Labor will accept concept papers for over $10 million in grants to accelerate the work of Iranian reformers and human rights and democracy activists.

Question. Aren't democracy programs that use U.S. NGOs (such as IRI, NDI and NED, or their intermediaries) going to be hampered simply because they are American or affiliated with the United States? Which Western NGOs currently operate in Iran?

Answer. Iranian reformers find themselves in dangerous situations every day. We recognize that Tehran is suspicious of foreign cooperation with domestic Iranian NGOs and likely monitors those relationships.

This presents an obstacle to our promotion of democracy in Iran though not an insurmountable one. The administration stands with courageous reformers who are on the frontlines of freedom working to have a voice in their own future. To ensure that our programs can be implemented safely, we do not publicly identify individual recipients of U.S. funding.

A number of Western NGOs—including several U.S.-based NGOs operating under OFAC licenses; the London-based Committee to Defend Women's Rights in the Middle East, which has an Iranian cofounder; the Dutch-based Institute for Advocacy for Development Cooperation; and the German-based Friedrich Ebert Foundation—operate in Iran. These organizations focus on a variety of missions, including advocating for women's rights, facilitating the exchange of ideas between European and Iranian groups, working with youth groups and intellectuals, and capacity building for Iranian civil society activists.

Question. How does the administration engage the Iranian diaspora who live in the United States?

Answer. We communicate with a broad spectrum of the Iranian diaspora worldwide, including in the United States. The American diaspora community can play an important role in the promotion of political reform in Iran. U.S. policy recognizes that political reform within Iran must be indigenous. The administration is prepared to support civil society and the cause of freedom in Iran.

IRAQ: PROVINCIAL RECONSTRUCTION TEAMS

Question. In September, you told this committee that, as part of the clear, hold, and build strategy, the administration would be standing up Provincial Reconstruction Teams in each of the non-Kurdish governorates, and one for the three Kurdish governorates. Aside of the three consulates which have been renamed PRTs, how many new PRTs are fully operational in Iraq? Please provide a specific timeline for standing up the remaining PRTs.

Answer. Our three Proof of Concept PRTs in Mosul, Kirkuk, and Hillah have been up and running since November. The first evaluation of the synergy produced by combining some military civil affairs operations with State and USAID political and capacity-building operations is positive. The Baghdad PRT is our next highest priority, and we are now coordinating with the Iraqis, DOD, coalition partners, and other U.S. agencies to roll out this PRT as soon as possible. Our British and Italian partners are pressing ahead to roll out PRTs in Basra and Dhi Qar provinces, in which the United States would participate. These PRTs could be ready by May. We continue to refine our planning for other PRTs, and we expect the stand-up process to continue over the next 6 months, as resources permit.

IRAQ: CORRUPTION AND OIL

Question. Oil exports are Iraq's primary source of revenue, and Iraq's primary cause for corruption. Today, oil revenues are controlled by the central government with little transparency and accountability.

- What are the United States, the IMF, the World Bank, and others doing to help Iraq fix this problem?
- Why aren't we leveraging our assistance to pressure the Iraqis to clean up the distribution of its oil revenue?
- A recent Brookings report recommends a fixed distribution plan of oil revenues, with portions of oil proceeds going directly to the central government, to local and provincial governments, and to an infrastructure repair fund, etc. What is the administration's assessment of such a proposal?

Answer. The IMF, World Bank, United Nations, and United States agree that more transparency in Iraq's oil industry is crucial, and all are working with the Government of Iraq to address this issue. The IMF, World Bank, United Nations, and the Iraqi Government are members of the International Advisory and Monitoring Board (IAMB), established by the United Nations to provide transparency in Iraq's oil revenues. The United States is an observer to the IAMB. The IAMB provides oversight of the Development Fund for Iraq (DFI), into which all Iraqi crude oil export revenues (the vast majority of Iraqi Government revenues) are deposited. The IAMB mandate was authorized in UNSCR 1546. The mandate, which was extended in UNSCR 1637, expires on December 31, 2006, unless a new U.N. Security Council resolution extends it further. The IAMB authorizes audits of the DFI, including reviews of cash receipts and payments from the DFI as well as an assessment of internal controls. In effect, the audits assess how well the Iraqi Government is managing the execution of its budget (both expenditures and revenues). The assessments have led to a number of recommendations that the IAMB and other donors (including the United States) have discussed with Iraqi officials.

The IMF Stand-By Arrangement (SBA) also contains recommendations that reinforce those made by the IAMB. In the area of fiscal management, recommendations included the establishment of a special Ministry of Finance unit to prepare monthly government cash-flow projections and an audit oversight committee to succeed the IAMB by the end of 2006. The SBA also required a review of existing procurement rules to bring them in line with international standards and the adoption of improved budget execution regulations. Specifically for the oil sector, the IMF recommended that Iraq install an oil metering system, restructure the sector to consist of commercial enterprises overseen by the Ministry of Oil; and draft new laws to regulate the hydrocarbons industry that would be in line with the new Iraq Constitution and international best practices. We agree strongly with the IAMB and

IMF recommendations, which mirror many of our own recommendations to the government.

We are using IRRF funds to help the Government of Iraq install meters on the Al-Basra Oil Terminal, the primary loading point for crude oil exports. This will provide better accountability and transparency for exports. This and other projects are improving Iraq's ability to implement the recommendations above and provide the technical capacity needed to change the sector's operational history. The Governments of the United Kingdom and Norway are also working with the Iraqis on technical training of officials in the area of oil sector transparency. In addition to its role on the IAMB, the World Bank is providing policy advice to the government based on its experience in other countries.

These reforms and others already underway will go far to improve the government's ability to formulate, execute, and account for its fiscal processes. They will also help add transparency to the process, which an emergent civil society can use to hold the government accountable, thus deepening Iraq's democratic foundation.

Regarding the Brookings report, the State Department agrees that ensuring sufficient budgetary resources to fund central and constituent government operations, social services, and maintenance of key infrastructure (four of the five "baskets" mentioned in the report) will be crucial challenges for the next government, along with the fiscal transparency and anticorruption issues mentioned above. Revenue sharing arrangements in particular are a key issue in talks on finalizing the constitution.

The fifth basket in the Brookings report recommends an oil fund to provide annual direct payments to Iraqi citizens based on some percentage of Iraqi oil earnings. This recommendation is more problematic. The idea is attractive on its face and we are optimistic that Iraqi oil production will eventually generate budgetary surpluses that could be invested in various ways for the future. But at present Iraq runs a large fiscal deficit and cannot afford to divert funds from pressing reconstruction needs and ongoing government operations to invest in a fund. There is no budget surplus that could be redirected to an oil fund without shortchanging other priorities, such as standing up security forces, maintaining key infrastructure, and making the necessary investments in the oil section to fuel future Iraqi growth. Moreover, case studies show that such funds rarely improve fiscal operations or transparency in countries with challenged institutions and a history of breaking fiscal rules. In such cases, oil funds are generally more likely to reflect the problems of the fiscal system they are created from. Iraq's fiscal deficits and management shortcomings strengthen the need to remain engaged with the Iraqi Government on transparency, revenue sharing, and other anticorruption and good governance efforts, as planned under the U.S. assistance program.

IRAQ: INTERNATIONAL ASSISTANCE

Question. According to Ambassador Jim Jeffrey's February 8 testimony to the SFRC, the international community has only obligated an additional $200 million since September 2005.

- How do you explain the failure of the international community to better meet its pledges to assist Iraq? Please describe any further obligations that you expect will occur by other countries in the coming 6 months.

Answer. The international community has already disbursed about $3.3 billion of the $13.6 billion pledged to Iraq in Madrid pledges in late 2003. Most of those pledges, made in late 2003, were to be disbursed over the 4-year period of 2004 to 2007. They are thus still in the process of disbursal.

Many of the pledges are in the form of loans, and have taken longer to disburse because loan agreements must be negotiated with the Iraqi Government. Japan, the second largest donor after the United States, has already disbursed all of its Madrid pledge of $1.54 billion in grant aid, and we understand that it is close to finalizing the first of its loan agreements from its $3.5 billion in pledged concessional loans.

The United Kingdom is also well along in disbursal of its $452.3 million Madrid pledge, having disbursed $300 million by the end of February.

The new obligation since September 2005 that you refer to in your question is related to the European Commission's announcement of an additional 200 million euros for 2006. Due to its budgetary process, the EC pledged year by year for Iraq—200 million euros each year for 2004, 2005, and 2006. Its 2004 and 2005 pledges have already been fully disbursed.

In November 2005, the World Bank approved a $100 million loan for Iraq, its first loan for that country in 30 years, representing the first part of its Madrid pledge. The International Monetary Fund signed a $485 million Emergency Post Conflict

Assistance (EPCA) loan in 2004, and a $600 million standby arrangement with Iraq in December 2005.

We are working with the Iraqis to encourage other donors to accelerate their pledge disbursals. We are not aware of any specific plans by other donors for new pledges for Iraq, but we will support the new Iraqi Government as it seeks new assistance.

International partners have also extended considerable debt relief to Iraq. In the historic November 2004 Paris Club agreement, and largely due to strong U.S. support, sovereign creditors agreed to forgive 80 percent of Iraq's debt in three phases. Nearly all Paris Club creditors have now formalized their accords with Iraq, and we expect the remaining ones to do so in the coming 6 months. Three non-Paris Club sovereign creditors have also matched or exceeded Paris Club terms, and we are supporting the Iraqi Government as it seeks to obtain debt relief from other non-Paris Club creditors. Key gulf creditors have assured us and the IMF that they would offer debt relief to Iraq on at least Paris Club terms, and Iraqi authorities indicate they will approach these creditors in the coming months to discuss such debt relief.

U.S. FOREIGN ASSISTANCE

Question. Why shouldn't the Director of Foreign Assistance be a Senate-confirmed position?

Answer. I have undertaken the current reforms as part of an effort to use existing authorities for maximum effectiveness. Under my guidance, the Director of Foreign Assistance (DFA) will systematically evaluate our progress and he will use this evaluation to identify any further changes that might be appropriate. We very much look forward to working with Congress going forward to evaluate the appropriateness of the tools currently available to improve the effectiveness of foreign assistance.

Question. Under existing law, does the Director of Foreign Assistance have the authority to make all decisions regarding foreign assistance from State and USAID?

Answer. To the extent permitted by law, I will delegate to the DFA the foreign assistance funding authorities consistent with, and necessary to achieve, a single coordinated foreign assistance approval authority. Under my direction, the Director of Foreign Assistance will have approval and coordinating authority over all foreign assistance.

Question. Please describe any further changes, including legislative changes, that the administration plans to implement on U.S. foreign assistance.

Answer. As I stated in announcing the new leadership position, the current structure of America's foreign assistance risks incoherent policies and ineffective programs and perhaps even wasted resources. We must align our activities more fully across the State Department and USAID and within the State Department itself so that we are better able to achieve our goals and can be better stewards of public resources. A driving purpose behind my decision to establish the Office of the Director of Foreign Assistance, therefore, is to apply a more strategic, results-oriented, and long-term view to the use of foreign assistance funding. As we evaluate the efficacy of this reform, we look forward to consulting with the Congress and discussing the need for further reform, if any.

SECURITY ASSISTANCE AUTHORITY FOR DOD

Question. On July 19, 2005, you and Secretary Rumsfeld sent a letter to the Hill asking Congress to give the Defense Department permanent statutory authority to disburse military security assistance. Please explain to the committee how giving DOD this authority is consistent with your effort to create a more unified and rational leadership structure overseeing U.S. foreign assistance.

Answer. The Department of State supports this new authority because it would augment the resources and authorities available to the President to act quickly when unforeseen events make the initiation or expansion of a training, equipping, or advisory program necessary. In addition, I am able to lend my continued support because the statute stipulates that State and DOD shall jointly formulate the execution of train and equip programs.

I look forward to working with Congress to develop the flexible tools we need to win the global war on terror without compromising State's primacy in foreign assistance.

NORTH KOREA: FINANCIAL SANCTIONS

Question. How much hard currency does the North Korean regime receive from its counterfeiting operations? (If necessary, please provide a classified answer to respond fully.)

How much do you estimate that the financial sanctions against the Banco Delta Asia Bank (suspected of laundering the counterfeit U.S. currency produced by North Korea) have cost the North Korean regime? (If necessary, please provide a classified answer to respond fully.)

Answer. The responses to these questions are classified and are retained in the committee's secure safes.

ENERGY SECURITY

Question. What is your and the State Department's role in addressing U.S. energy security interests?

Answer. The objective of our energy policy is to ensure that our economy has access to energy on terms and conditions that support economic growth and prosperity. We must also ensure that the United States can pursue its foreign policy and national security interests without being constrained by energy concerns. In addition, our policies must also be consistent with America's broader economic and foreign policy goals and complement domestic policy initiatives.

To this end, the State Department:

1. Promotes the diversification of energy supplies, worldwide;
2. Works with other oil consuming countries to respond to supply disruptions, particularly through the coordinated use of strategic petroleum stocks;
3. Encourages major oil producing countries to maintain responsible production policies to support a growing world economy and to reduce oil market price volatility; and
4. Works with other countries to reduce global dependence on oil, including through conservation, efficiency, and through the development of alternative sources of supply.

Question. Do recent events on energy security such as Russia's role as a supplier to Europe, developing Central Asian reserves; the rising energy demands in Asia have foreign policy implications?

Answer. Yes. Russia is a country of tremendous natural resources. Expanding oil and gas production, particularly in remote regions like eastern Siberia, to meet domestic needs and fulfill export contracts will be a major challenge for Russia in years to come. Russia could become a major supplier of liquefied natural gas to world markets over the next few decades. Energy production in the Caspian region is on the rise; like Russia, Caspian producers, especially in Central Asia, will have to improve transport options to get their products to market. Those options may run west, south, or east—to traditional markets in Europe or to meet new demand in India and China. Energy efficiency and conservation also remain major challenges for the former Soviet sphere, particularly in Russia and Ukraine.

We are encouraging Russia to improve its investment climate, work constructively with foreign companies to enhance production and transport mechanisms, and lean on its companies to engage in transparent, market-based activities. Given surging demand, especially in Asia, incremental, non-OPEC production, such as that in Russia, will be very important in the global market. In Central Asia and the Caucasus, we will also promote foreign investment, and encourage regional governments to work together to expand and diversify pipeline routes. Russia has identified energy security as a major focus for the G–8 Summit in St. Petersburg, which President Putin will host in July.

Europe remains a net importer of energy; two-thirds of the EU's total energy requirements will be imported by 2020. The EU currently imports 30 percent of its gas from Russia. Bickering between Russia and Ukraine over natural gas supply and transit, which led to temporary disruptions in supply over New Year's, spurred European leaders to refocus their attention on energy security, and in particular to reevaluate options to diversify sources of energy imports and adopt new energy-saving technologies.

We will work closely with our European allies, as well as engage Russia and its neighbors, to advance our energy agenda: To ensure that our economy has access to energy on terms and conditions that support economic growth and environmental stewardship. Energy is a critical issue for our friends in Europe, and the European Union is helpfully focusing on a need for common approaches to shared energy challenges. At the same time, we will strive to bolster energy security across the European Continent and EurAsia region. President Bush's Advanced Energy Initiative

outlined U.S. efforts to develop alternative sources of energy and reduce foreign dependence. The United States and Europe were already collaborating on hydrogen, clean coal, renewable energy, nuclear fusion, and clean transport. With the State of the Union providing further guidance, we will redouble our efforts, and extend them into the CIS.

QUESTIONS OF SENATOR RICHARD LUGAR

TROPICAL FORESTS AND CORAL REEFS

Question. Senator Biden and I recently reauthorized funding for the Tropical Forest Conservation Act, which we authored. The Department's budget request cuts funding for TFCA. How many dollars and how many projects are "in the pipeline" for TFCA? How difficult is it for the Department to encourage other governments to comply with all the governance conditions of TFCA?

Answer. The administration has a significant amount of TFCA funding remaining from earlier appropriations. According to the Treasury Department, approximately $60 million in TFCA funding remains in the Treasury Debt Restructuring Account. About $30 million of this amount has already been allocated to countries that have been declared eligible for TFCA.

For the remaining funds, we are examining the possibility of TFCA programs with other countries. However, we cannot say with certainty at this time whether countries that have applied for TFCA treatment will be declared eligible under the criteria set forth in the act, or whether countries with whom we are in preliminary informal discussions will decide to apply for TFCA treatment. We anticipate that the amount already on hand, together with any amounts the administration may decide to allocate to TFCA from the FY07 budget, will be sufficient in the near term.

We believe the political and economic eligibility criteria set forth in the TFCA are useful in identifying countries with a commitment to good political and economic policies—policies that are necessary for the successful administration of long-term programs like TFCA. However, we note that a number of countries expressing interest in TFCA have not met one or more of the eligibility criteria.

Question. There has been criticism that debt relief programs like TFCA "encourage bad behavior" in developing countries. Has the Department under review other approaches to protecting tropical rain forests, and other critical ecosystems like coral reefs?

Answer. We understand that there are sometimes concerns that debt relief programs run the risk of encouraging irresponsible borrowing in that borrowers may expect future loans to be forgiven as well. We do not believe this is a problem with TFCA, which is a small, selective program that deals only with concessional debt incurred before January 1, 1998. In addition, TFCA can be described more properly as debt redirection rather than debt relief. Under TFCA, the borrowing country is still required to make payments in local currency for tropical forest protection that are roughly equivalent in most cases to what they would have repaid to the USG under the original debt obligation.

The administration considers TFCA an innovative approach to conserving tropical forests that complements our bilateral and multilateral activities. For example, USAID routinely provides grant assistance to eligible developing countries to support forest protection and sustainable management, including protection of biodiversity. USAID support in this area has been augmented recently through two innovative initiatives: (1) The Congo Basin Forest Partnership, a multidonor public-private partnership launched by the Department in 2002, to which we are contributing $54 million over 4 years through USAID's Central African Regional Program on the Environment (CARPE), and (2) the Amazon Basin Conservation Initiative, which was initiated in 2005 and focuses on conserving biological diversity in the world's largest intact tropical forest.

Through our contributions to international organizations and financial institutions such as the International Tropical Timber Organization, the Food and Agriculture Organization of the United Nations and the Global Environment Facility, the United States supports a wide range of projects in tropical countries designed to protect, conserve, and sustainably manage their forests.

The USG, primarily through USAID, also provides about $20 million annually to programs that benefit coral reef ecosystems in Meso-America, the Caribbean, and Southeast Asia. The Department recently established an Environmental Regional Hub in Fiji in order to enhance our coral reef conservation activities in the Pacific Islands. In July 2007, the USG will assume the cochair with Mexico of the Inter-

national Coral Reef Initiative which the Department launched in 1993, giving us another platform to promote coral reef conservation worldwide.

Question. Is it your view that, if more money were available for nonproliferation, counterproliferation, and weapons dismantlement programs, you would be able to eliminate more threats faster and that this would be in U.S. national security interests?

Answer. I support the President's budget, which supports our national security goals in all respects, not just in counterproliferation and weapons dismantlement programs. These are a vitally important element of our foreign assistance mix, but so are also our efforts to strengthen our diplomacy and build democracy in places where it is weak or absent. Within the parameters of the President's FY 2007 request, I will work to allocate funds to enable the United States to develop and refine sensible security measures, such as furthering our Proliferation Security Initiative and enhancing the ability of those who cooperate with us to deny to regimes like Iran, North Korea, as well as nonstate actors, including terrorist groups, the materials for covert weapons programs that threaten the international system.

Question. As you know, we have been working with the Department to update legislation that Senator Biden and I wrote to give statutory standing and needed personnel authorities to the Department for the Office of Reconstruction and Stabilization. We asked for the Department's views and support for the legislation a month ago. How soon can we have your view on this legislation?

Answer. The Department appreciates the continuing focus on these issues that you and your committee have shown. The legislation provides many useful personnel and funding authorities that would enhance the ability of the Department and its partners in other agencies to respond more rapidly and effectively.

In addition to our earlier discussions on the State authorization bill, our staff will continue to work with you to provide additional information.

Question. U.S. bilateral and multilateral energy discussions are, for the most part, run through the Energy Department. Yet the issue of energy security must be a paramount foreign policy consideration of the United States. How do you propose that the State Department incorporate energy security into its core mission?

Answer. The United States imports almost two-thirds of its oil, and our energy security is inextricably linked with developments that occur overseas. We rely on the private sector to find, produce, and distribute oil and refined products. However governments also have key roles:

(1) We need to minimize political constraints that may inhibit the smooth functioning of global energy markets, and

(2) We have to ensure that we are free to pursue our broader foreign policy objectives without undue concern over the possible impact on our country's energy supplies.

The State Department deals with these issues in a number of ways.

- We work with the Department of Energy and the International Energy Agency to maintain strategic petroleum stocks in consuming countries, and to coordinate their release in response to a supply disruption. This most recently occurred in response to Hurricanes Katrina and Rita last fall.
- We engage with producing and consuming countries to try to ensure the smooth functioning of energy markets worldwide.
- We provide diplomatic support to private sector efforts to open up new sources of energy supply, such as in the Caspian region.
- More broadly, the goal of energy security is closely tied to our efforts to work for regional security and economic development in many parts of the world.

Question. On November 17, 2003, President Bush transmitted the Council of Europe Convention on Cybercrime to the Senate for its advice and consent. The Foreign Relations Committee held a hearing on the convention in 2004. In July of last year, by voice vote the committee ordered the convention reported to the full Senate, with a recommendation that the Senate give its advice and consent to ratification. The Senate has yet to act on the convention.

Does the administration continue to support U.S. ratification of the Cybercrime Convention? How important is this convention in your view?

Answer. Yes, the administration continues to strongly support U.S. ratification of the Convention on Cybercrime.

The Convention on Cybercrime is the only multilateral treaty to address the subject of crime committed against and using computer systems. It provides important tools for U.S. investigators and prosecutors in their work to prevent and combat terrorism and organized crime, and for protecting the Nation from terrorist attacks and

attacks on critical information infrastructure. It is also essential to securing the international cooperation we need to enforce our criminal laws, including those against piracy of intellectual property and purveying child pornography.

The convention provides all of these benefits to the United States without requiring any change to U.S. law, including to the protections guaranteed under the U.S. Constitution. No country could use the convention to force the United States to do an investigation or give evidence when to do so would transgress our well-established protections of free expression and freedom of religion.

A number of coalitions of U.S. businesses, including businesses in the information technology, Internet, and content provider fields, have expressed their strong support for U.S. ratification of the convention. They believe it would not only improve the security of the United States, but also help address the global problem of Internet crime, such as the spreading of viruses and worms, phishing attacks, and identity theft.

The Attorney General recently wrote to the Senate majority and minority leaders to reaffirm the administration's strong support for the convention. I join him in urging the Senate to act quickly to give its advice and consent to ratification of this important instrument.

Question. It is not a national flaw that our hopes for a peaceful world exceed our ability to provide for it. Your leadership in taking a hard new look at foreign assistance is welcome. Can you describe your philosophy in making the kinds of tradeoffs that ultimately have to be made? For example, how do you weigh the value of MCC assistance to well-governed poor countries versus assistance to nations that are strategically important in the war against terrorism? How do you provide assistance to failed and failing states when the reason they are failing is that they have corrupt and ineffective governments? What about regional tradeoffs—the importance of boosting former Soviet States in their lean toward the West versus the need to influence nations with significant Muslim populations? How do you prioritize our foreign assistance goals?

Answer. Assuring U.S. national security, both physical and economic, immediate and long term, is our top foreign policy priority. It is the prerequisite to our freedom and prosperity. But our security interests cannot be achieved apart from our development goals and our democratic ideals in today's world. Our assistance must integrate and advance all of these goals together.

Accordingly, the primary objective of our assistance is 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. In the near term we must give priority to nations that are strategically important in the war against terrorism. The largest single piece of our 2007 foreign assistance budget request is to strengthen our coalition partners on the front lines in the fight against terrorism.

Over the longer term, to secure freedom and prosperity both at home and abroad, we must provide real incentives to poor countries that demonstrate commitment to ruling justly, investing in their people, and promoting market freedoms. The Millennium Challenge Account has already shown that it is a powerful incentive, one that provides hope by promoting sustainable economic growth to reduce poverty in the poorest counties. "Getting incentives right" is one of the key lessons of development economics over the last 50 years, and it explains why the MCA is so important.

In the case of states that have failed or are failing because of corrupt and ineffective governments, we must insist on transformation as a condition of any assistance to their governments. We are requesting funds to meet humanitarian needs, lay the foundations for economic development, and strengthen sustainable democratic institutions in countries such as Sudan and Haiti.

Regionally, many areas of the world remain vulnerable to authoritarian, despotic, and corrupt rulers—whether in former Soviet States, the Middle East, or elsewhere. We cannot afford to ignore any region. Nonetheless, we recognize the special importance of helping countries overcome the legacy of Communism and the appeal of political Islamist ideology. For this reason, we continue to provide funding under the Freedom Support Act to promote the rule of law and the growth of democratic and market institutions in countries that just 15 years ago lived under totalitarian Soviet rule. We also place high priority on helping the nations of the Broader Middle East to make progress in building the foundations of democratic societies, for example, through the Middle East partnership initiative.

As you note, prioritization of our foreign assistance goals is a complex process, which must balance all of these and many other critical issues such as post-disaster humanitarian relief and global health threats. In making such decisions, we must consult widely, not only within the Department but also with other agencies, to ensure that the decisions are as well informed as possible. Other than assuring the

national security of the American people as our top priority, there are no absolutes, but rather a careful balancing of a wide variety of policy goals and assistance tools.

FOREIGN AID BUDGET

Question. What relationship will the new Director of Foreign Assistance have with the Assistant Secretaries and Coordinators at the State Department and Assistant Administrators at USAID who currently have responsibility for designing and implementing foreign assistance programs? Who will control the funds that are currently apportioned to those individuals? How will the decisionmaking process work?

Answer. I am establishing the position of Director of Foreign Assistance (DFA) to better align our foreign assistance programs with our foreign policy goals, to align more fully the foreign assistance activities of USAID and State, and to demonstrate that we are responsible stewards of taxpayer dollars. I intend to delegate to the DFA authority over foreign assistance funding and programs to achieve these goals, not to supervise Assistant Secretaries and Coordinators or Assistant Administrators. Nor are the reporting relationships of Assistant Secretaries or Assistant Administrators expected to change. Instead, the Director of Foreign Assistance will work closely with Assistant Secretaries and Assistant Administrators in exercising his authority over foreign assistance funding and programs and developing coordinated strategies, plans, and budgets. Under my direction, the DFA will have approval and coordinating authority over all foreign assistance.

Question. What role will the Director of Foreign Assistance assume with respect to the myriad other agencies that currently provide foreign assistance, including the MCC? Will the administration establish a formalized coordination structure with you at the helm? How will you ensure that State/USAID programs are not being run at cross-purposes with DOD, Justice, Labor, MCC, etc.?

Answer. The Director of Foreign Assistance is intended to provide overall leadership to foreign assistance that is delivered through other agencies and entities of the U.S. Government, such as the Millennium Challenge Corporation (MCC). By instituting integrated country strategies and operating plans, the Director of Foreign Assistance will help ensure that USG agencies delivering foreign assistance are not working at cross-purposes, that, in fact, we are taking advantage of agencies' comparative strengths to create a U.S. Government program that is effective and makes the most efficient use of taxpayer dollars. With respect to other U.S. Government agencies, including the MCC, the Director of Foreign Assistance will work in concert with these agencies to address the pressing issues that face developing countries and to ensure that programming is complementary and stove-piping is curtailed.

Question. How many people do you envision will work in the Office of the Director of Foreign Assistance? What capabilities/responsibilities will they have? How many such individuals will be new hires as opposed to being pulled from current positions within State and USAID? To what extent will you have input into the hiring, training, and assignment process at State and USAID to ensure appropriate expertise is developed at these two agencies?

Answer. To implement foreign assistance effectively, the United States must have the right people, with the right skills, in the right place at the right time. With regard to staff needs for the Director of Foreign Assistance, I intend for this Office not to be duplicative, but instead to add value to the current environment. I anticipate an office that, when fully staffed, will bring together something in the range of 50 to 100 positions, based on bringing together existing staff who are performing common foreign assistance functions in the two organizations. The DFA will consult with, and provide a full notification to, Congress once we have made the necessary decisions about how to best utilize these existing functions. As the Director of Foreign Assistance and I define strategic priorities and develop comprehensive country plans, we will consider whether our human resources align with program priorities and resource availability.

Question. Some supporters of the restructuring believe it does not go far enough and that the administration has missed an opportunity to launch a much more ambitious and necessary reform effort. Does this restructuring mark the first step toward a future and bolder reform effort?

Answer. I have undertaken the current reforms as part of an effort to use existing authorities for maximum effectiveness. Under my guidance, the Director of Foreign Assistance will systematically evaluate our progress and use this evaluation to identify any further changes that might be appropriate. We very much look forward to working with Congress going forward to evaluate the appropriateness of the tools

currently available to improve the effectiveness of foreign assistance and to determine whether further reforms may be necessary.

Question. Please comment on the concerns that some have expressed that the new initiative may lead to a greater degree of aid politicization in which long-term development and poverty reduction goals will be overwhelmed by the demands of shorter term strategic considerations. To what degree will USAID remain influential in shaping U.S. development policy?

Answer. A driving purpose behind my decision to establish the Office of the Director of Foreign Assistance is to establish mechanisms to promote a more strategic allocation of our foreign assistance funds, targeted to specific results. Strengthening the U.S. Government's commitment to long-term, results-oriented development will require the unique talents and voices of both State and USAID. Coherent, comprehensive, multiyear strategies will replace fragmented programming, and the United States will promote greater ownership and responsibility on the part of host nations and their citizens. As with the strategy that Ambassador Tobias employed as U.S. Global AIDS Coordinator, U.S. Government assistance must address immediate needs and crises, while at the same time laying the foundation for long-term sustainability under the leadership and responsibility of host nations.

Question. In your initiative to implement transformational diplomacy, you identified several ways in which Foreign Service Officers will be affected, in terms of training, skills, and assignments. Will these same changes also apply to USAID staff, especially those posted overseas?

Answer. To implement foreign assistance effectively, the United States must have the right people, with the right skills, in the right place at the right time. A key advantage of these reforms is the ability to bring all strengths and resources of the United States to bear in achieving foreign policy goals.

My vision is to ensure that our diplomatic corps and other human resources are prepared to take on the challenges we face today. In some cases, that may require new or additional skills and capabilities, including in areas such as strategic and program planning, procurement, and monitoring and evaluation. Just as we seek to apply a strategic approach to the implementation to foreign assistance, strategic approaches underway for the allocation of operational and human resources must continue.

USAID operates in some of the most difficult circumstances in the world where having adequate resources are critical for implementing successful programs.

STABILIZATION AND RECONSTRUCTION

Question. Your commitment to devote 15 new slots to the Office of Reconstruction and Stabilization will bring the number of people in the Office up to about 100. Do you believe that there is now enough critical mass to establish the active-duty response corps that is called for in our legislation? How have your experiences in staffing positions in Afghanistan and Iraq affected your view of the need for such a corps?

Answer. Additional FTE appropriated to S/CRS will be used to regularize existing staff positions that are currently not permanent, but provided through temporary arrangements. The current staffing within the Office is 48 State personnel and 12 interagency detailee positions. There are already 6 members of the Active Response Corps in initial training and all 15 will be on board by summer. They will participate in training, military exercises, and planning and will be available for deployment.

A truly "active" ARC requires dedicated funding so that the Department can create separate permanent positions to ensure availability of staff to plan, prepare, and deploy. Without sufficient overall staffing levels for the Department, it will not be possible for the ARC to expand.

Experiences in Iraq, Afghanistan, and elsewhere have demonstrated the need for training and preparing staff in advance through training, military exercises, and planning. Having staff available who have committed in advance, and are prepared to deploy, ensures more rapid mobilization of the right skillsets.

Question. In your recent Georgetown speech, you said: "We have an expansive vision for this new office, and let there be no doubt, we are committed to realizing it." How does your budget request shore up that statement? How much funding did the Department devote to operations of the Office in the 2006 budget? What do you envision for 2007?

Answer. The following table outlines S/CRS funding for FY05 and FY06, as well as our FY07 request.

[Dollars in thousands]

Account	FY05 actual	FY06 estimate	FY07 request
FY05 Supplemental Operating Funds*	$7,700	.....	.....
Bureau-Managed Operating Funds	**$737	$6,237	$6,507
Cost of Permanent Positions Funded	$1,485	$2,475	$5,250
(total FTE)	(9)	(15)	(30)
Cost of other State non-permanent staff	$2,950	$7,920	$8,400
(total positions; includes Active Response Corps)	(22)	(48)	(48)
S/CRS total (State Operations—D&CP)	$12,872	$16,632	$20,157
Conflict Response Fund (Foreign Ops)	0	0	$75,000

*Supplemental provided 2-year funding; $2.6M obligated in FY05 and $5.1M in FY06.

Question. As you may know, we have updated the legislation giving this Office statutory standing and will be working to have that pass the full Senate as free-standing legislation. It authorizes both a 500-person reserve component and a 250-person active-duty component of a Readiness Response Corps at the Department. Can you describe your current thinking on how you would use this new authority?

Answer. We currently have sufficient authority to create a standing response corps within the Department. We will be requesting the necessary resources in FY 2008 and later to staff the Readiness Response Corps as requirements become further defined. Currently, we have a standby response corps that has helped identify from within the Department and retirees, those who may be interested and ready to deploy or to provide surge capacity within State in a crisis but who would continue to work in other positions until needed.

We are requesting some funding in FY 2007 to begin the development of a Civilian Reserve that would draw on nongovernmental skillsets to provide the USG a standing corps of trained and preidentified employees who can deploy rapidly and fill key sectoral gaps in rule of law and security.

- There are several components of staffing requirements:
  - S/CRS core management staff;
  - Department of State surge capacity—Active and Standby Response Corps;
  - Other agency surge capacity;
  - On-call Civilian Reserve;
  - Implementing partner capacity (Global Skills Network of contracts, NGOs, grantees).
- S/CRS has estimated a need for a core staff of 80 to provide leadership and management of integrated USG planning and response and to manage development of comprehensive and interoperable civilian capabilities.
- Current staffing is a combination of permanent, nonpermanent, interagency detailees, and temporary staff.
- We need to institutionalize a standing capability that will ensure lessons learned are lessons applied. Our long-term plan is to convert nonpermanent staffing to permanent and be able to reimburse agencies for detailees; both will ensure that we are able to attract and retain the best employees.
- S/CRS estimates a need for 100 members of an Active Response Corps to provide the Department with a separate cadre of rapidly deployable, trained, and exercised personnel who can augment Embassy operations, manage initial field engagements, participate in the added workload of preparing plans for response, and embed with military forces if deployed. While not deployed, they will train, exercise, and work within bureaus to build capacity for response and address conflict issues.
- Current funding provides for an initial 15 members of an Active Response Corps in FY06 (all will be onboard by summer).
- In addition, there is a need to access additional personnel within State through a Standby Response Corps made up of individuals who have expressed interest in deployments or to surge into domestic efforts. This SRC has been identified.
- Other agencies also have, or are augmenting, their internal surge capacity to be able to respond to demands for their expertise and program management capabilities.
- A Civilian Reserve system that would provide readily available outside experts to serve in USG missions does not exist. We propose to build such a system initially focused on the need for rule of law personnel who have advance training can be called up within weeks and deployed.

- Existing implementation capabilities in State and USAID and other agencies is frequently carried out through contractors, NGOs, and grantees. There is a need to strengthen and widen those capabilities across the USG to ensure adequate capacity.

Question. Although the administration's FY 2006 request for the creation and funding of a Conflict Response Fund was not included in FY 2006 Foreign Operations appropriations, funding authority for the transfer of up to $100 million for the purposes of the fund was provided in the DOD authorization act (sec. 1207, Public Law 109–162). Have you requested, or do you intend to request, such a transfer from the Secretary of Defense? If so, for what purposes?

Answer. We are currently working to develop proposals for use of the funding and have worked with DOD on the process for requesting a transfer. We believe that having a ready pool of resources to address conflict transformation priorities will provide a valuable tool in addressing emerging needs in conflict situations. Our goal will be to support ongoing planning efforts undertaken by S/CRS, to respond to unforeseen needs, and to build capacity to respond to conflict.

Question. S/CRS and Joint Forces Command have requested a study from the Institute for Defense Analysis on the potential costs of the civilian response corps that you envision S/CRS as creating. What has the administration learned from that study about the potential costs of such a corps? How do you respond to concerns that the expansion of a civilian corps to carry out these activities will promote ill-considered interventions?

Answer. The IDA study was a good start in providing valuable information on civilian surge capabilities of other organizations, including their estimated costs. We used such information and lessons from previous engagements to develop our own concept for establishing a civilian reserve. The conclusion from outside and internal experts, is that a standing capacity that can be readily accessed and which has high degree of preparation and reliability will be needed. Assumptions we used to define the legislative, management, and budgetary requirements for creating the concept are now being validated through a comprehensive management study that S/CRS has contracted to an outside firm. This study will address how to manage the reserve system including recruiting, hiring, and preparation.

Having the capacity to respond quickly and effectively will make U.S. engagements more successful. The USG will respond to national security challenges based on our interests, the important difference will be that we will have additional civilian tools to complement our military assets.

Question. The budget request contains $11 million for preventive activities. This appears to be the first request for such a category of assistance in the State Department budget. In what countries and circumstances do you believe this will be used?

How will such activities be coordinated with possible USAID activities for the same purpose?

Has the State Department developed measures that would help assess whether preventive programs can actually forestall conflict and result in budget savings through the adoption of a policy of preventive diplomacy rather than dealing with conflicts after they erupt?

Answer. The FY 2007 request includes $11 million in Economic Support Funds (ESF) for Reconciliation Programs, a slight increase over the administration's request in FY 2006. This is not a new program. In fact, Congress earmarked ESF for reconciliation programs in FY 2004. USAID's Office of Conflict Management and Mitigation, with State's Bureau of Democracy, Human Rights, and Labor, oversees the programs. They are currently funding 21 ongoing programs in the Democratic Republic of Congo, Nepal, Sri Lanka, Ethiopia, Mali, Burundi, Angola, Bolivia, Colombia, Yemen, Israel and the West Bank/Gaza. Since FY 2004, several additional countries were made eligible including Guinea, Kosovo, Morocco, Russia (Northern Caucasus only), Rwanda, and Uganda. Each year, before releasing a call for proposals, the country list is reviewed and revised in light of country need, foreign policy priorities, and the potential for real program impact.

This competitively awarded fund is used to support reconciliation programs and activities that bring together individuals of different ethnic, religious, or political backgrounds from areas of civil conflict and war in order to address the root causes of conflict. Programs that include mediation of specific disputes, mechanisms for restorative justice, dialogue, and training for conflicting parties or support of peace processes are examples of the types of activities that will be considered. Programs that bring together conflicting parties in an effort to implement practical solutions to specific conflict issues (e.g., land use, unemployment, and natural resources management) are most likely to receive support under this fund.

The funds made available under this earmark frequently complement ongoing conflict mitigation activities in the field funded by USAID including the Office of Conflict Management and Mitigation. Funded proposals must demonstrate complementarity rather than duplication.

Every program implemented under the reconciliation fund is designed with monitoring and evaluation plans that enable USAID to assess the results of the program as measured against its stated goals and objectives. These evaluation plans are assessed by the proposal review committee to ensure that they adequately measure project impact. Sample indicators that help measure progress in the prevention of violent conflict are: The number of trained leaders demonstrating ability to guide communities through divisive issues; number of land-related conflicts successfully mediated; increased participation of community members in multiethnic activities, meetings, and events by the end of the program; and community members negotiate the establishment of truces and safe zones in areas of conflict.

AFGHANISTAN

Question. Though the Taliban has been removed from power and most al-Qaeda elements have been driven out of Afghanistan, last year marked the most violent year since 2001. Indications are that the security situation is unlikely to improve and may even deteriorate in 2006. Will the intended transition to a NATO/ISAF-led security sector for the entirety of Afghanistan adequately meet U.S. and Afghan interests in stability and counterterrorism?

Answer. We are concerned about the increased violence and use of suicide attacks and improvised explosive devices (IEDs) and are working closely with Afghan security and intelligence forces to counter these threats. Indeed, Afghan forces have thwarted a number of suicide attacks.

President Karzai has condemned these attacks as have provincial government and religious leaders. In addition, Afghans—who have been the primary target of the attacks—have staged protests against suicide bombings. Relying on suicide attacks will further alienate the Taliban from the vast majority of the Afghan people.

NATO forces are up to the challenge. The NATO-led International Security Assistance Force (ISAF) is expected to expand to southern Afghanistan by fall 2006. As it expands from its current area of responsibility in the north, west, and in Kabul, ISAF will enter a more challenging security environment. To meet those challenges, NATO has updated its operations plan and rules of engagement. We are confident that those rules give NATO commanders the robust and flexible framework they need to carry out ISAF's mission in the south.

Question. Responsibility for train and equip programs in Afghanistan has shifted from the State Department to the Defense Department. Is DOD carrying out this program under the supervision of the U.S. Ambassador? Has the State Department been able to retain influence over the program? How responsive are DOD personnel to political concerns expressed by State Department personnel?

Answer. The Chief of Mission has policy responsibilities for all USG programs in Afghanistan and coordinates closely with the Office for Security Cooperation—Afghanistan (OSC–A) which is responsible for reform of the security forces including the ANP. The Ambassador and the CFC–A Commander work very closely together to monitor all aspects of the ANA and ANP's development, and there is strong interagency cooperation and coordination between DOD and State on this program. DOD provides biweekly briefings on the status of the ANA and ANP to the Department of State and briefs the Afghanistan Interagency Operating Group (AIOG) on the status of the ANA and ANP and funding.

In FY 2005, the State Department provided significant funding, including $396.8M in FMF funds to train and equip the ANA, $945K in IMET funds, and $15.5M in PKO funds for salaries. Congress also provided $795M in FY 2005 supplemental funds to the Department of Defense through the Afghan Security Forces Fund (ASFF) to support ANA train and equip requirements, which also support ANP activities (including $200M in FY 2005 supplemental). The FY 2006 budget includes $792K in IMET funds to continue ANA training at U.S. military facilities. DOD's FY 2006 supplemental request for the ANA is $823M to support training, life support, maintenance, salaries, equipment, and infrastructure.

In FY 2005, the State Department provided significant funding, including $424.5M in INCLE funds to provide training, mentoring, and reform assistance to the ANP. The FY06 budget includes $58.5M in INCLE funds to continue ANP assistance. DOD's FY 2006 ASFF supplemental request for the ANP is $1.3B, which covers all facets of the program—including $585M for training, mentoring, and reform activities.

DOD and State have worked closely together to develop this request, as required by the ASFF, and will continue to work closely together in implementing the program. DOD will directly support the equipment, infrastructure, and salary needs of the Afghan police while the intent is for DOD to transfer funds to the State to continue implementation of the critical training, mentoring and reform elements of the program. State provides a senior civilian deputy for police to OSC–A to ensure coordination between OSC–A and Embassy Kabul.

Question. President Karzai has proudly stated that his country "now has a constitution, a President, a Parliament, and a nation fully participating in its destiny." Despite these significant accomplishments, Afghanistan remains a fragile state. How can we ensure the newly agreed-upon Afghanistan Compact is as successful as its predecessor Bonn Agreement of 2001? To what extent is the United States joined by other countries, including Afghanistan's neighbors, in continuing the fight against al-Qaeda, Taliban, narcotics traffickers, and warlords?

Answer. The Afghan people and their current President have much of which to be proud. The progress that has already been achieved seemed almost unimaginable only a few short years ago. The international community recognized Afghanistan's new status during the recent London conference. The Afghanistan Compact adopted at the conference sets out a framework for a more mature partnership between the Afghan Government and the international community, with mutual commitments by each.

Afghanistan is a full partner in the new compact with benchmarks to achieve and timelines to adhere to. Among the commitments made by Afghanistan are its pledges to consolidate peace by disbanding all illegal armed groups, and to create a secure environment by strengthening Afghan institutions to meet the security needs of the country. Afghanistan also vowed to achieve a sustained and significant reduction in the production and trafficking of narcotics over the next few years, with a goal of their complete elimination. The NATO-led International Security Assistance Force (ISAF), the U.S.-led Operation Enduring Freedom (OEF), and partner nations agreed to provide strong support in establishing security and stability in Afghanistan, in close coordination with the Afghan Government.

The Joint Monitoring and Coordination Board, also established in the compact, provides a new forum for monitoring Afghanistan's compliance and for coordinating our efforts with those of the Afghan Government and other donors. For its part, the international community has backed up its political commitments with financial pledges totaling US$10.5 billion for the implementation of the interim Afghan National Development Strategy. With the country's institutions maturing and the commitment of the international community remaining high, the new compact should provide an even firmer basis for combating Afghanistan's acknowledged challenges.

Question. The administration's pledge at the London conference essentially flatlines aid for Afghan reconstruction at $1.1 billion—the same amount budgeted for the current fiscal year. The slow pace of reconstruction has generated popular discontent, directed at both the government of Hamid Karzai and at the United States. Given the resurgent strength of the Taliban, and a baseline of dissatisfaction that erupted into violent anti-Western protests in early February, would it be advisable to raise our commitment to Afghan reconstruction?

Answer. An independent national survey in Afghanistan by ABC News in December 2005 measured opinions on a wide variety of issues related to the U.S. presence, Taliban legacy, pace of reconstruction, and satisfaction with the Afghan Government. The results were overwhelming and unambiguous. According to the poll, the Afghan people widely believe that despite still difficult living conditions, the U.S.-led overthrow of the Taliban was a positive development (87 percent), strongly support the administration of President Hamid Karzai (83 percent), and firmly agree that the Afghanistan of today is headed in the right direction (77 percent). There is widespread sentiment that living conditions (85 percent), security from crime and other violence (75 percent), and freedom to express political opinions (80 percent) is better than it was under the Taliban.

Regarding the level of U.S. assistance for Afghanistan, Secretary Rice announced at the London conference that the United States had provided a total of over $5.9 billion ($1.1 billion in FY 2006 + $4.8 billion in FY 2005) since the last donor gathering in Berlin. In addition, she announced that our FY 2007 budget request for Afghanistan was over $1.1 billion.

The FY 2007 figure only represents the Department's Foreign Operations budget request. Funding from other agencies that typically contribute to Afghan reconstruction and security assistance (such as DOD) is not factored into the FY 2007 number as it was for previous years. The reason for this is that it is still very early in the

FY 2007 budget cycle and the amount of USG funding that will be available from other sources is not yet clear.

Thus, in terms of the Foreign Operations budget, the $1.1 billion requested for Afghanistan in FY 2007 actually represents an increase of 27 percent, or over $200 million from the FY 2006 Foreign Operations request.

We are confident that this request for FY 2007 is the right amount of funding necessary to support our vast reconstruction and security assistance programs in Afghanistan.

Question. An [original question said ABC] NBC News Poll conducted in October 2005 found that a large majority of Afghans support the aims and effort of the United States in Afghanistan. However, this may reflect expectations for the future rather than satisfaction with the current unstable situation. Do you have a sense that the people's expectations can be met? How long does the government have to meet these expectations before support for it drops?

Answer. Most Afghans think their life is already better. An ABC News poll in December 2005 [1] found that 87 percent of Afghans surveyed believed the U.S.-led overthrow of the Taliban was good for their country. Eighty-five percent said that their living conditions had improved, and 80 percent said their freedom of expression is better. Seventy-five percent say their security from crime and violence has improved as well.

Of course, to maintain widespread support it will be necessary to manage expectations while continuing to deliver real improvements in people's lives. The political institutions that have developed at the national level need to demonstrate their relevance by delivering security and governance at the local level. Economic growth, in particular, will be key to meeting expectations. While it is not possible to predict the future course of public opinion in Afghanistan, maintaining a productive level of public support is most likely if the Afghan Government, with international support, keeps its focus on achieving progress in an equitable manner.

Question. The impact of the opium and heroin trade is undermining progress in reconstruction and stabilization. How is the State Department ensuring that the strategies and tactics of U.S. agencies and our international partners are coherent and more cost-effective than they have been in the past? How much of the FY07 counternarcotics budget is devoted to demand reduction?

Answer. Indeed, the cultivation, production, and trafficking of opiates exert a destabilizing influence on any country, but trafficking is particularly dangerous to an emerging democracy such as Afghanistan. The United States, with State's INL Bureau in the lead, is working with international partners to make a long-term, comprehensive investment in countering narcotics in Afghanistan in an effort to reverse forces that are hindering the development of the legal economy, fueling widespread corruption, undermining good governance, and supporting traffickers and other criminal elements. The following summarizes our efforts:

First, INL participates in all international fora advocating for full-partner participation in Afghanistan's reconstruction and development. In 2006, both the London Conference on Afghanistan and the Doha Conference on Border Management in Afghanistan focused international community's attention on the need for a unified, integrated counternarcotics (CN) effort and solicited international support for CN and police programs. We will continue to encourage the active involvement of INL's international partners in combating illicit narcotics production and trafficking in Afghanistan.

Concurrently, the United Kingdom is a key partner nation in coordinating international CN assistance, and INL works closely with them on every front. Recognizing the availability of CN moneys from donors lacking a bilateral relationship with Afghanistan, the United Kingdom, Afghanistan, and the United Nations established the Counter Narcotics Trust Fund (CNTF.) The UNDP oversees administration of this fund, while the Government of Afghanistan retains operational control over allocation—$78.6 million has been contributed since the fund was established in October 2005.

Also, Department of Justice prosecutors, working alongside United Kingdom and Norwegian legal experts, mentor the Vertical Prosecution Task Force (VPTF), building long-term Afghan capacity to arrest, prosecute, and punish traffickers and corrupt officials. Currently, the docket contains over 100 ongoing prosecutions. In a significant October 2005 victory, Afghanistan extradited its first high-value trafficker to the United States. The 2005 Anti-Narcotics Law, formally decreed by President

[1] See the ABC News poll at the end of the question and answer section.

Karzai, now provides a legal structure that allows for modern investigative techniques and for expedited international extradition.

Moreover, it is important to note that the USG's five-pillar CN strategy is dynamic, changing in response to changing conditions on the ground. Our five-pillar CN implementation action plan contains programs that can quickly be modified to address emergent needs. The January 2006 United Nations Office on Drugs and Crime's (UNODC) rapid assessment survey, anticipating sharp increases this year in opium poppy cultivation in the southern Helmand province, in addition to anecdotal evidence from the field, prompted INL to further action. Specifically, Embassy Kabul's CN Task Force and the Narcotics Affairs Section, working together with the Government of Afghanistan, United Kingdom, UNODC, and the U.S. military, quickly developed and implemented a responsive plan augmenting Governor-led eradication. This includes the deployment of additional security forces, the Afghan Eradication Force (AEF), targeted public information campaigns, alternative livelihoods programs and interdiction operations. The task force interacts daily with Helmand's provincial government, which continues to show good cooperation. By constantly reevaluating and improving the five-pillar strategy, the U.S. interagency is ensuring that our actions to help Afghanistan are both coherent and cost-effective.

Finally, even as our international partners contribute in various ways to CN efforts in Afghanistan, it is important to underscore U.S. principles and actions. We believe a credible show of force in tandem with substantive development activities are the cornerstones to limiting poppy cultivation and opium trafficking. The establishment of a clear and consistent legal system is also crucial in providing long-term traction necessary to implementation of counternarcotics policies and programs. INL's Interdiction pillar focuses on targeting and dismantling drug trafficking organizations while building Afghan CN law enforcement capacity. The Afghan Counternarcotics Police, collaborating with the DEA, are arresting and beginning to prosecute the command and control elements of these organizations. The Narcotics Interdiction Unit, supported by the DEA's Foreign Advisory Support Teams and the Afghan Special Narcotics Force, interdicted 43.9 metric tons of opium and 6.1 metric tons of heroin in 2005. The presence of INL Huey II helicopters will aid in increasing seizure statistics. Akin to rule of law initiatives, the Justice Reform pillar works closely with interdiction efforts. A recent Afghan Presidential decree provides that major CN cases will be transferred to Kabul for prosecution by the VPTF, comprised of specially trained Afghan prosecutors and investigators.

As for FY07, INL will devote $2 million to demand reduction initiatives including substance abuse prevention training; treatment techniques; technical assistance on the creation of drug-free community coalitions; and research into the identification of prevention and treatment "best practices" that can benefit demand reduction programs worldwide.

SELECTED COUNTRY ISSUES

Question. In November of last year, the military rulers of Burma began relocating the ministries comprising the capital of Burma from Rangoon to Pyinmana. How do the relocation plans of the generals impact plans for construction of a new U.S. Embassy in Rangoon?

Answer. These actions are not impacting the construction of the New Embassy Compound (NEC). The project is proceeding on schedule to be ready to move into by September 2007. The design-build contract for the Rangoon NEC was awarded at the end of FY 2004, and notice to proceed was given to the contractor in January 2005. Construction on the NEC is about 40 percent complete at the end of February 2006. The Thai and Australians are also proceeding with ongoing diplomatic construction projects in Rangoon.

The move of the capital will make communications more difficult and further slow responses to our requests—a situation that will hinder the activities of all the embassies in Rangoon. The new capital is still under construction, and we have been informed that embassies cannot move to Pyinmana before 2008, which gives time to determine if this move will actually hold. Currently government officials welcome the opportunity to return to Rangoon to meet with us, but over time, we may have to increase our in-country travel to Pyinmana, among other options.

Question. What is the status of construction of the new U.S. Embassy in Beijing, China? At this point, is construction proceeding "on budget"?

Answer. Construction of our New Embassy Compound (NEC) in Beijing was initiated in May 2004. The $434 million project is on schedule for completion before the summer Olympics in 2008 and is proceeding on budget. Construction on the NEC is 28 percent complete as of March 2006.

By way of background, the Beijing NEC is being built on a 10-acre site in the "Liang Ma He" (3rd Diplomatic Enclave). In February 2004, the Department affirmed to Congress that the projected staffing was "rightsized." The Beijing NEC will accommodate 664 projected desk positions (both U.S. and local Chinese hires) and collocate approximately 20 U.S. Government agencies.

In 2001, the Department developed a comprehensive plan to improve operationally and functionally inadequate U.S. facilities in China. The Beijing New Embassy Compound (NEC) is Phase I of that plan. New consulates in Guangzhou and Shanghai are phases II and III, respectively. Full funding for the Guangzhou Consulate is in the FY06 budget.

The United States and Peoples Republic of China signed the bilateral Conditions of Construction Agreement (COCA) in November 2003, which applies to the simultaneous construction of our Embassy in Beijing and the PRC Embassy in Washington.

On the basis of reciprocity, the People's Republic of China (PRC) has begun construction of a new embassy in Washington. The status of the PRC Embassy project is as follows:

- In January 2004, the U.S. Commission of Fine Arts approved the final design.
- The Groundbreaking Ceremony for the new PRC Embassy in Washington was held on April 22, 2005.
- The project is scheduled to be completed in 2008.

Question. The administration is recommending $20 million in ESF to "continue ongoing programs devoted to economic growth and reforms, good governance and poverty alleviation, as well as attacking pervasive corruption" in the Philippines.

- What results can be demonstrated from previous ESF funds expended to "attack pervasive corruption"?

Answer. ESF funds supported Philippine Government anticorruption efforts at the national and local levels, created greater public demand for reform, and enabled civil society participation in activities intended to curb corruption. For example, ESF funds were used to train investigators and prosecutors in the Office of the Ombudsman (the Philippine Government office charged with combating corruption), which they had not previously received, resulting in a significant improvement in the conviction rate from 13 percent in 2003 to over 30 percent in 2005. At the local government level, ESF funds were used to help Mindanao cities improve their business practices and reduce corruption. A recent evaluation showed that these cities were successful in drastically reducing the processing time of business permit renewals from more than a week to just a few hours, which made their procurement transactions more transparent and removed opportunities for corruption. ESF was also used to implement transparent government procurement and insure accountability, as well as capacity-building in civil society organizations. Specifically, we provided training for 700 volunteers as observers in bids and awards committees to facilitate more rigorous monitoring of government procurement and to provide a means for reporting procurement irregularities to the Office of the Ombudsman.

Question. India is increasingly looking to Iran to satisfy its rapidly growing energy requirements, particularly in the gas sector. How can we bridge the gap between our two countries' divergent policies toward Iran? To what extent do U.S. officials raise the issue of Iran with their Indian interlocutors? To what extent could India rely on energy suppliers other than Iran to fulfill its energy requirements?

Answer. Rather than diverging, the gap between our two countries' policies toward Iran narrowed last September and February when India voted in the International Atomic Energy Agency Board of Governors' meetings to refer Iran to the United Nations over Iran's violations of its Nuclear Non-Proliferation Treaty obligations. The Indian Government does not want another nuclear-armed country in its neighborhood, nor do we.

The United States avails itself of every opportunity to raise with the Indian Government our concerns and the concerns of the global community about Iran's egregious behavior. Iran is a frequent focus of our Embassy's daily engagement with the Indian Government. During his recent visit to India, President Bush emphasized that nuclear weapons in the hands of the Iranians would be dangerous for all of us. We have told the Indian Government that we do not support the proposal for an Iran-Pakistan-India pipeline and that such a project may invite scrutiny under the Iran-Libya Sanctions Act.

We recognize India's growing energy needs and want to work with India to enhance its energy security. We have established joint working groups with Indian counterparts on oil and gas, power and energy efficiency, new technology and renewable energy, and coal to identify and develop indigenous energy resources that might be alternatives to Iranian imports, and to increase the efficiency of India's

energy utilization, which may reduce the country's need for Iranian oil and gas. The United States-India Civil Nuclear Cooperation Initiative, if implemented, could also help reduce India's requirement for imported fossil fuels as India will have an opportunity to utilize the most modern and efficient technologies to develop its nuclear power industry. In addition, we continually encourage the Indian Government to seek stable and secure energy sources elsewhere in the Middle East and in Central Asia.

Question. What is the rationale for continuing to provide large direct cash transfers to the Government of Pakistan, rather than programming increasing amounts of our assistance through USAID projects? What might the costs be in terms of U.S. policy toward Pakistan if the United States were to program more of our assistance toward USAID-sponsored democracy, health, and education projects? Would there be any potential gains for U.S. policy in the region in terms of countering anti-U.S., extremist attitudes?

Answer. In 2003, the United States committed to provide Pakistan $300 million in Economic Support Funds per year in fiscal years 2005–2009. According to agreements concluded in 2004 with the Pakistani Government, $100 million of this assistance will be used for project aid, and $200 million will be provided as budget support to be used for mutually agreed purposes. The Pakistani Government's budget planning assumes the United States will honor this commitment. It is important to establish our reliability.

The Pakistani Government for its part has upheld its undertakings in this process. According to the agreement, which is reviewed and updated annually, Pakistan is to use the $200 million in budget support to achieve the goals it set for itself in the Poverty Reduction Strategy it developed with the World Bank. Notably, these goals include a commitment to increase spending on health and education significantly. Pakistan is, for example, committed to increase education spending from 2.5 to 4 percent of Gross Domestic Product within 5 years. The Pakistani Government has, in fact, boosted education spending significantly, from 1.7 percent of GDP in 2002 to 2.5 percent in the fiscal year ending in June 2005. In short, our assistance has leveraged large increases in Pakistani Government spending on critical social needs. Budget support allows the USG the greatest input to build Pakistan's capacity in meeting these critical social needs without requiring a larger staff to be in country to administer the program. Security concerns still require us to limit staffing in Islamabad, and hence our ability to more closely monitor our activities.

Changing the mix of assistance from budget support to project aid is unlikely to improve significantly our ability to counter anti-U.S., extremist attitudes. We believe that improved public outreach on USAID's activities would better address these concerns rather than just shifting funds to USAID programs in Pakistan; we are actively undertaking efforts to that end. Cutting funds from GOP budget support, however, could damage our ability to effectively work with the GOP. It could also result in decreased Pakistani Government spending on critical needs like education. The USAID mission in Pakistan has allotted $250,000 to launch a public information campaign that will build on the positive public response to our earthquake relief efforts and expand it to other parts of the portfolio.

U.N. PEACEKEEPING

Question. Given the clear cost savings and burden-sharing with U.N. missions such as the one in Haiti, why has the administration not requested full funding for its past obligations?

Answer. The inclusion of a funding request for arrears other than those related to Sudan-Darfur was not made because the administration limited its request for supplemental peacekeeping funding to the emergency situation in Darfur-Sudan.

Question. Estimates are that the United States will run out of money to pay its peacekeeping dues by June of this year, with a shortfall of some half a billion dollars for 2006. Will this funding be included in the supplemental? If not, how can we insist that the United Nations reform itself when we are not paying our bills on time?

Answer. Prior to FY 2000, the United States accumulated arrears of approximately $400 million primarily caused by a 25-percent cap on peacekeeping payments. Although Congress appropriated sufficient funds each year from FY 2000 until FY 2005 to pay annual assessments, the pre-2000 arrears remain outstanding, and in FY 2005 our arrears grew by $145 million because appropriated funds were not equal to our assessments.

The shortfall for FY 2005 of $145.010 million and the projected shortfall for FY 2006 of $376.752 million totals $521.762 million. The FY 2006 supplemental budget

contains a request of $69.8 million in the CIPA account for Sudan-Darfur as well as transfer authority language from the Peacekeeping Operations request which, in total, would offset $129.8 million of the above total arrears for a net projected new arrears of $391.962 million at the end of FY 2006.

The inclusion of a funding request for these remaining arrears was not made because the administration limited its request for supplemental peacekeeping funding to the emergency situation in Darfur-Sudan.

AIDS, MALARIA, AND AVIAN FLU

Question. How much of the funding already appropriated for avian flu will be used for overseas programs? What specific programs will this funding entail? How will the $55 million in the budget request be spent?

Answer. Of the nearly $3.8 billion appropriated in the FY 2006 supplemental request for avian and pandemic influenza, a total of $280 million will be used for overseas programs. This amount includes approximately $132 million managed by USAID; $114 million managed by HHS (Note: $31 million of the HHS total is for international research funding that is not counted as foreign assistance); $18 million managed by USDA; $10 million managed by DOD; and $6 million managed by the Department of State. The FY 2006 funds will be used for a wide variety of programs, including: Improving surveillance and response systems; support for the World Health Organization (WHO); the Food and Agriculture Organization (FAO); and the World Organization for Animal Health (OIE), international planning and preparedness; prepositioning of supplies; training of rapid-response teams and medical personnel; improved monitoring of animal vaccine distribution and use; support of human disease research; biosecurity enhancement; food safety and industrial methods training; vaccine formulation; military-to-military partnership capacity-building; international public information programs; and international coordination and support for the President's International Partnership on Avian and Pandemic Influenza.

The State Department's $6 million will be spent on international response coordination involving foreign governments and nongovernmental organizations and diplomatic outreach. In addition to $280 million, agencies are exploring ways to increase their international assistance. The FY 2007 budget request of $55 million for USAID's international assistance programs will continue to be spent on surveillance and early warning preparedness, planning, prepositioned supplies and equipment and communications.

Question. Does the administration intend to implement programs designed to prevent the spread of avian flu in developing countries? What is the anticipated impact on the budget if avian flu spreads as some health experts fear it might? For instance, are we prepared to ramp up avian flu programs if the virus spreads Africa-wide?

Answer. Through the International Partnership on Avian and Pandemic Influenza announced by President Bush in September 2005, the administration is working hard to improve global readiness, including in developing countries, by elevating the issue on national agendas. In addition, the partnership brings together key nations and international organizations to coordinate efforts among donor and affected nations; mobilize and leverage resources to mitigate the spread of the disease; increase transparency in disease reporting and surveillance; and building capacity to identify, contain, and respond to a pandemic influenza.

At the present time, we believe that $214 million in FY 2007 funds, in addition to $280 million in FY 2006 supplemental appropriations will be adequate, coupled with contributions of the international community, including financial and other support provided by multilateral, bilateral, and private sector donors. The reality of the threat of pandemic influenza is that it is too large for any one country to address alone, and requires a comprehensive and coordinated response from the international community.

With regard to our efforts in Africa, the State Department has established an interagency African Avian Influenza Network that was activated to respond to avian influenza outbreaks in Africa, starting with Nigeria. U.S. Ambassadors are instructed to encourage host governments to promote strong interagency communication and coordination (particularly among Ministries of Agriculture, Health, and Information) to combat the threat of avian influenza. As in the case of Nigeria, U.S. Embassies are encouraged to work closely with other donors and U.N. resident representatives to prioritize host country needs and coordinate appropriate international responses. Our Embassies are instructed to convey to host governments the importance of coordinating their efforts with neighboring countries, and U.S. Em-

bassies in neighboring countries also coordinate closely among themselves. Regional organizations such as the Economic Community of West African States (ECOWAS) have been engaged to develop regional response strategies and resources, as outbreaks become more widespread.

Within the African Avian Influenza Network, the State Department's Avian Influenza Action Group and the Bureau of African Affairs are coordinating closely with the U.S. Agency for International Development (USAID), the U.S. Department of Agriculture (USDA), the Department of Health and Human Services (HHS), the Department of Defense (DOD) and other appropriate agencies, both in Washington and in affected and high-risk countries, to develop assistance programs and technical support for countries potentially affected by outbreaks. Both the interagency African Avian Influenza Network in Washington and the country teams at U.S. Embassies and consulates overseas are developing appropriate contingency plans for addressing the anticipated diplomatic, economic, and security concerns of countries affected by avian influenza in Africa. Our plans are coordinated with appropriate international technical organizations including the World Health Organization (WHO), the Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

Question. The administration is proposing $300 million for the Global Fund to Fight AIDS, Tuberculosis, and Malaria in FY 2007—less than Congress has provided in any of the last 4 fiscal years. To what extent does the administration's emphasis on funding bilateral AIDS programs, rather than the Global Fund, reflect disappointment with the work of the Global Fund? What is your assessment of the effectiveness of Global Fund efforts to assure accountability in the use of its resources?

Answer. 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 5 years. However, we are now on track to provide over $2 billion to the fund in 3 years. 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 3 years. If focus country budgets are not fully funded again in FY 2007, the capacity needed for a dramatic expansion of services in FY 2008 will not be possible—and no increase in FY 2008 spending could undo this setback. Without the FY 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.

At this point, the Emergency Plan can realize the most immediate impact through its bilateral programs, which focus on building capacity for massive, rapid scale-up of prevention, treatment, and care programs. The Global Fund plays an important long-term role in the USG strategy, providing financing to enable developing countries to respond to the challenges of HIV/AIDS, tuberculosis, and malaria. However, the Global Fund model, with a lean Secretariat and no field staff, does not allow funding to be deployed as quickly as USG bilateral programs. For example, from the time the Global Fund announces a Call for Proposals when it launches a round of financing, often a full year, at a minimum, passes until the time a grant recipient actually begins programmatic work. The Emergency Plan, with a global presence of dedicated full-time field staff, is typically able to program money within a much shorter time span. While the USG seeks to build the Global Fund into a successful international funding mechanism over time, in the immediate term, our judgment is that any redirection of resources from bilateral programs to the Global Fund will endanger our ability to reach the 2–7–10 goals by 2008 envisioned by the President and Congress.

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—especially in the focus countries—than the Global Fund. In fact, other governments have made similar determinations to invest heavily in bilateral efforts rather than multilateral options:

- In 2004 the share of USG contributions that went to the Global Fund was more than twice that of the United Kingdom.
- Countries with a much more modest presence on the ground than the United States—such as Germany and Japan—are comparable to the United States in terms of allocation of funding between bilateral and Global Fund contributions.

The Global Fund has shown promise, but it remains a young organization, and it must stick to its original vision as a performance-based, public-private financing instrument. The USG is working with the Global Fund to focus on areas where improvement is needed, particularly those areas highlighted by Congress. In spite of significant accomplishments, we continue to share concerns identified in the House FY05 and FY06 appropriations reports, for example, about:

- Possible shift from project support to budget support;
- Threats to the Comprehensive Funding Policy;
- Deficiencies in performance-based funding system;
- Concerns about adherence to rigorous progress benchmarks and results-based disbursement;
- Lack of coordination of technical assistance for grants;
- Questions about the role of Local Fund Agents;
- Domination of Country Coordination Mechanisms by host governments and international organizations;
- Devolution of authority from the Board to the Secretariat; and
- Inadequate speed, efficiency, transparency, and accountability of grants.

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 USG funding for it. For FY 2007, however, it is crucial that the USG continue to concentrate its resources on focus country programs.

Question. The State Department's Global AIDS Initiative directs its work primarily in 15 focus countries, 12 of them in Africa as well as Haiti, Guyana, and Vietnam. The FY 2007 budget proposes almost a 60-percent increase in assistance to these countries, while bilateral programs for other nations appear to decline slightly. Does the FY 2007 proposal enable the United States to adequately help other countries facing grave threats from AIDS, such as impoverished Malawi in Africa, Honduras in Central America, or India, China, and Russia?

Answer. The overall request for Emergency Plan funding in fiscal year 2007 is up dramatically, from approximately $3.2 billion in FY 2006 to $4 billion. Within this overall increase, priority was placed on the focus countries. Without the FY 2007 level of funding for the focus countries, it will not be possible to meet the 2–7–10 goals established by the President and Congress.

At the same time, however, the request does include a modest increase from the FY 2006 enacted level of funding for bilateral programs in other countries (from $425.6 to $432.7 billion, not including funding for research).

The President's FY 2007 request for the focus countries is, in part, an attempt to recover from the effects on focus country programs of the redirection of almost $527 million from focus country programs to the Global Fund and to other bilateral programs over the Emergency Plan's first 3 years. Of these three broad areas of the Emergency Plan, funding for the focus countries, originally planned to be $10 billion over 5 years, is the only one which has not been funded at the planned level overall to date. 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 3 years. Other USG programs, including those beyond the focus countries, are on track to meet the $4 billion target level over 5 years as originally envisioned for the Emergency Plan.

Question. The United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (P.L. 108–25) states the sense of Congress that by the end of fiscal 2006, U.S. assistance programs should be providing antiretroviral therapy to 2 million patients. Are we on track to meet this target?

Answer. The USG will not meet the sense of Congress provision to support antiretroviral treatment for 2 million people by the end of the third year of Emergency Plan implementation, fiscal year 2006. The provision did not adequately reflect the need to invest intensively in building local capacity for scale-up of prevention, treatment, and care programs. Taking this concern into account, the President set a 5-year timeframe for meeting the Emergency Plan goals of supporting treatment for 2 million people, preventing 7 million new HIV infections, and supporting care for 10 million people infected and affected by HIV/AIDS, including orphans and vulnerable children, in an accountable and sustainable way.

The USG has made dramatic progress in its efforts to support host nations in building capacity, laying the foundation for long-term sustainability and continued success. As of September 30, 2005, the Emergency Plan supported life-extending

treatment for approximately 471,000 people with HIV/AIDS, 401,000 of them in the 15 focus countries. Based on the data collected through fiscal year 2005 and shared in the recent annual report to Congress, we are confident that we will meet the President's goals.

The Emergency Plan remains committed to supporting national treatment strategies through partnerships with host governments, nongovernmental organizations (including faith- and community-based organizations), and the private sector, together providing the full spectrum of services required for quality treatment. These programs are providing services that achieve results while building the local, sustainable capacity needed for the long term. The services and capacity expansion supported to date include:

- Training for clinical and laboratory personnel;
- Training of counselors for treatment regimen adherence, prevention, and healthy living;
- Physical infrastructure including improved clinical space and laboratory equipment; and
- Distribution, logistics, and management systems for drugs and other commodities.

In order to meet the Emergency Plan's obligation of accountability, the Office of the U.S. Global AIDS Coordinator collects data on treatment and other results on a semiannual basis.

Question. The legislation also requires that for fiscal years 2006 through 2008, 10 percent of authorized funds be devoted to helping orphans and vulnerable children. How will you meet this target under the fiscal 2007 request?

Answer. The Emergency Plan has already supported care for nearly 3 million orphans and vulnerable children (OVCs) through prevention, treatment, and care activities in the 15 focus countries. Based on currently approved funding activities as of January 2006, we are already on target to meet the 10-percent budget requirement for OVCs in fiscal year 2006. The Emergency Plan will work to ensure that it continues to meet the budget requirement in fiscal year 2007 as well.

As part of its efforts to ensure compliance with the 10-percent earmark in FY 2006 and beyond, the Emergency Plan has asked the USG teams in the focus countries to maintain focus on the following technical priorities in programming for OVCs:

- Strengthening systems and structures at the family, community, and national levels to achieve scale and sustainability for meeting the short- and long-term needs of vulnerable children;
- Providing comprehensive quality services based on a menu of essential services; and
- Facilitating a supportive context to reduce stigma and discrimination and increase child protection (e.g., advocacy, social mobilization, policy reform).

In the related area of pediatric treatment, the USG plans to accelerate progress in fiscal year 2006 and beyond. Key initiatives include:

- Establishing targets for children on treatment at the country level;
- Working with domestic and international partners to ensure affordable pediatric ARV formulations and diagnostic techniques, including:
  - Improving laboratory infrastructure to support pediatric diagnosis;
  - Working with private and public sector partners to ensure affordability of medicines;
  - Strengthening the supply chain to allow for delivery of life-saving medicines to the children that need them.
- Training health care providers in pediatric treatment; and
- Working at the community level to fight stigma and provide support to children and their caregivers.

Question. USAID has made recent changes in how it implements its malaria program in response to earlier criticism that a large portion of funds was being spent on administrative overhead rather than insecticides, medical treatment, and mosquito netting. With the President's pledge to spend an additional $1.2 billion through FY 2010, do you anticipate any other changes to the program?

What are the obstacles to reaching the President's objective of reducing malarial deaths in target countries by 50 percent?

Answer. USAID does not envision further policy changes beyond those implemented in late 2005. The focus will be to fully implement these reforms throughout the USAID malaria program.

The single greatest obstacle to achieving the President's goal of a 50-percent reduction in malaria deaths is the weak health infrastructure in many sub-Saharan African countries. This includes a lack of adequately trained staff at all levels of the health care system and weak logistics and management systems. Other obstacles include: (a) The worldwide shortages of insecticide-treated mosquito nets and artemisinin-based combination drugs that are expected to continue for another 1–2 years; (b) delays in implementing Global Fund to Fight AIDS, Tuberculosis and Malaria grants in some countries; and (c) challenges involved in improving and controlling prescription and use of antimalarial drugs in both the public and private sectors. The USAID malaria program, African Governments, and other development partners are aggressively addressing these constraints. Each of the countries included in the President's Malaria Initiative has a comprehensive malaria control plan that was developed in conjunction with the National Malaria Control Program and other partners.

USAID ACCOUNTS

Question. Is the United States paying adequate attention to countries that are not selected to participate as focus or Compact countries in the MCA, PEPFAR, and malaria initiatives? Is U.S. economic assistance evolving into highly selective programs that concentrate only on the "best performers" or those with most severe health challenges? Have we made a decision not to address the needs of large populations living in poverty in those countries that fall outside the "preferred" categories?

Answer. USAID focuses the bulk of its resources where the needs are greatest and where expected results are highest, including countries where there is political commitment. That said, where the need is great and political will is weak, USAID still provides support for humanitarian purposes to reach the poor, often through nongovernment channels. The United States provides assistance from a number of accounts to a wide array of countries—well over 100. Aside from Burma and China, the United States has a significant aid program in every low-income country with large numbers of poor people.

Further, the programs mentioned in the question are less concentrated than commonly recognized.

- The number of MCA eligible countries rose from 16 in 2004 to 23 in 2005. An additional 13 countries are eligible for threshold programs aimed at achieving MCA eligibility.
- PEPFAR resources are focused on 15 countries that account for about half of the world's 40 million HIV infections. There are five other bilateral country programs that receive over $10 million in USG assistance annually. Together with the 15, they cover 70 percent of the world's HIV infections. Overall, PEPFAR funds are supporting programs in 123 countries, much of which is focused on large, low-income populations, many of which are in Africa. The USG is the largest bilateral donor to the Global Fund for HIV/AIDS and through its contributions reaches additional countries.
- USAID currently supports malaria activities in 18 countries plus 2 regional programs. Most are in low-income countries in Africa where the malaria prevalence is highest and the potential for impact is greatest. The President's Malaria Initiative (PMI) focuses increased resources on countries most affected by the disease, growing from 3 countries this year to 15 countries by 2008.

Question. What is the justification for the cut in the USAID Development Assistance account?

Answer. The FY 2007 DA and CSH combined request is a slight increase over the FY 2006 President's budget, so the administration has maintained our overall priority for funding. However there was a shift from DA to CSH to meet a commitment for increasing malaria funding which resulted in less DA funding for programming in all regions.

Question. Latin America is particularly affected by the cuts in the USAID Development Assistance account. Estimates are that aid to Latin America from this account will decrease by 28 percent. Could you please give us the overall amount for Latin America envisioned in this budget once all aid programs are included, including Economic Support Funds (ESF) and Millennium Challenge Corporation (MCC), and compare it to last year's figure? Are cuts to the region justified? What are the comparable figures for Africa, which is seeing a 4-percent cut in the Development Assistance account?

Answer. While the FY 2007 request for Development Assistance funding has been reduced from the FY 2006 enacted level of $254 million to $182 million (28 percent

reduction), the overall foreign assistance request for the region has remained similar to previous years because of increased Millennium Challenge Account (MCA) funding. In addition, the FY 2007 request for Economic Support Funds is $31 million more than the FY 2006 level and will focus on rural development and market access. The FY 2007 level for USAID's programs in Latin America and the Caribbean is $92 million less than the FY 2006 allocation of $914 million (11 percent reduction); given this, LAC has begun a process of limiting sectors and retargeting resources to areas identified as weaknesses by the MCC.

In FY 2006, the MCA will be providing significant resources through Compact agreements to Nicaragua ($175 million) and Honduras ($215 million) and through Threshold Country funding to Paraguay ($37 million). The Threshold Country program will be managed by USAID and is included in the Agency's planned spending for FY 2006. With the addition of MCA resources focusing on areas of rural development traditionally implemented by USAID, the FY 2007 budget request is adequate to reach the Agency's goals in the region.

Question. When the President announced the MCA initiative in March 2002, he said funds would be in addition to, and not a substitute for, other U.S. economic assistance. Nevertheless, in the FY 2007 budget request, for the six MCC Compact countries where USAID maintains an aid program, overall economic assistance would decline from FY 2006 levels: Honduras, from $32 million to $25.5 million; Nicaragua, from $32 million to $22.7 million; Armenia, from $74.3 million to $50 million; Madagascar, from $21.5 million to $17.5 million; and Benin, from $12.3 million to $8.8 million. Has there been a change in the administration's thinking that regular U.S. economic assistance can be reduced in MCC Compact countries? Will the compacts adequately substitute for the sector priorities funded in the past by USAID? Is the same thing likely to occur as other countries sign MCC Compacts?

Answer. There are two countries in the Western Hemisphere with MCC Compacts: Nicaragua and Honduras. While, FY 2006 DA resources for these two countries have been reduced, it is not the result of the Millennium Challenge Account fund. USAID reduced the FY 2006 levels for these countries to meet the administration's commitment to provide resources for improvements to the labor and environment sectors under CAFTA–DR.

The FY 2007 funding is reduced by 26 percent for Honduras and 41 percent for Nicaragua, while Honduras has received an MCC compact of $215 million and Nicaragua has received an MCC compact of $175 million. One focus of these compacts is on agricultural development, including crop diversification and market access, developmental programs traditionally funded by USAID. Another focus of the MCC programs is on the improvements in the highways and roads in both countries and one port in Nicaragua. These projects will compliment USAID's development programs in Nicaragua and Honduras at the local and national level.

MILLENNIUM CHALLENGE CORPORATION

Question. The administration is requesting $3 billion for MCC again this year. There has been skepticism in the past that the organization can spend this amount of funding effectively and efficiently. Can you explain why $3 billion is justified this year?

Question. On April 3, 2006, MCC will sign its eighth compact, reflecting commitments of over $1.5 billion, in addition to having signed threshold agreements with five countries for nearly $100 million. In the current fiscal year, MCC is on track to finalize at least three more compacts totaling an additional $1.1 billion, which will represent funding commitments of up to $1.7 billion for fiscal year 2006 (FY06), almost twice the level committed in FY05.

MCC projects that in FY07, we expect to sign between 9 and 12 new compacts, comprising commitments of more than $3 billion. As a result, MCC will have total commitments approaching $6 billion, with up to 21 countries, by the end of FY07.

Because of the robust demand of eligible countries, we are projecting that all currently available program funds from FY04, FY05, and FY06 will be exhausted by the second quarter of FY07, making the FY07 request for MCC all that more critical to our success.

At funding levels lower than $3 billion, MCC will likely delay negotiating compacts with some eligible countries, not to mention the newly eligible FY07 countries that the board of directors will select this November. It would be unfortunate if these countries who have undertaken significant political, economic, and social policy reforms, and those striving to be selected, find that meeting the criteria for eligibility does not result in actual funding of their development projects to achieve long term sustainable economic growth.

As Chair of the MCC Board of Directors, this is something I, and the board, feel strongly about, as noted in the recent letter to Senate and House appropriators that each member of the board signed. I look forward to working with Congress to ensure that MCC has sufficient funding to as we move forward with our critical mission in the developing world.

Question. As chairman of the board of the MCC, how do you assess the corporation's first 2 years of activities? How would you characterize the changes put in place by the new CEO, Ambassador Danilovich? Do you agree with his plan to fund larger, but possibly fewer compacts in order to achieve greater MCC impact?

Answer. MCC's first 2 years are ones of great progress and great learning. In February 2004, MCC started with just eight people, a budget and borrowed office space. In executing its mandate, MCC experienced the usual difficulties inherent in all startups, where virtually all activities were being done for the first time. The challenge of building an organization while working through its engagement with newly selected countries on a new development concept was substantial.

MCC has successfully established itself as an organization and will soon have eight compacts to show for its efforts so far. MCC took on many of the lessons from its successes and shortcomings during this time of tremendous growth and continues to expand its capabilities and sophistication in its activities as it continues to move forward, particularly under the new leadership of the new CEO, Ambassador Danilovich. For example, MCC has developed detailed guidance for partner countries so expectations are clear on both sides and the compact development process can move much more quickly and smoothly.

No longer a startup, MCC has also implemented a range of internal management provisions to improve its function as an organization. For example, MCC has spent considerable effort since Ambassador Danilovich's arrival to establish various internal fiscal and policy controls, an aggressive staffing plan to hire sufficient personnel to handle the increasing workload, and a much improved budgeting process.

Last, I am fully supportive of Ambassador Danilovich's push for larger compacts in a limited number of countries. MCC's mission is to transform poor countries through funding and incentives so that our partner countries are the ones championing the necessary reforms and policy measures to increase economic growth and reduce poverty through their own efforts and leadership. Development and the political will for development cannot be imposed from the outside, and MCC is targeted to those countries that seek most seriously their own success.

Question. When the President announced the initiative in March 2002, he said MCC would be in addition to, rather than a substitute for, other U.S. economic assistance. Nevertheless, the countries that are now MCC countries are seeing a drop in regular assistance in the FY 2007 budget request. Is this a pattern that we expect to repeat in every MCC country? How do you see the relationship between regular assistance and MCC assistance?

Answer. The MCA is very much considered an addition rather than a substitute for traditional U.S economic assistance. While I do not believe MCC is a substitute for other funds, I do have an obligation to make choices among competing demands. One criterion is to avoid overlap and duplication of funding efforts. Based on overall need and commitment, I focused the resources where there is relatively high country commitment and need. This resulted in proportionately more resources going to Africa and South Asia, and fewer to Latin America. The request for the Development Assistance Account in the President's Fiscal Year 2007 (FY07) Budget is $227 million, lower than the 2006 enacted level. However, the administration has focused funding in this account on transformational development and accountability for results, particularly in Sub-Saharan Africa. For example, the budget increases the focus on countries that have the greatest need for assistance, along with the greatest likelihood of achieving results with this aid. Further, this account reduces funding for middle-income countries where the needs are not as great, and in MCA eligible countries where governments are proposing MCA programs that significantly overlap with traditional accounts.

Question. How do you see the relationship between the MCC Chief Executive Officer and the USAID Administrator now that the USAID Administrator will be serving as your Director of Foreign Assistance?

Answer. I have every confidence that Ambassador Tobias, as Director of Foreign Assistance and Administrator of USAID, and Ambassador Danilovich, MCC CEO, will work hand-in-glove to address the pressing issues that face developing countries. MCC has already established a healthy and cooperative relationship with USAID, particularly since USAID plays a key role in MCC's Threshold Program, and I expect that this will continue and strengthen under USAID's new leadership.

MCC will continue as an independent corporation, as it was originally designed, but will work closely and in concert with the direction of the priorities and strategies of the Director of Foreign Assistance.

TRANSFORMATIONAL DIPLOMACY

Question. Do you foresee additional security needs as we launch more people beyond our Embassies to work in American Presence Posts outside capital cities?

Answer. 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. Once all requirements are firmly identified, available Department resources will be prioritized as necessary.

Question. Will the Virtual Presence Posts be combined with the Successful American Corners program where computers and American-generated literature are located in public and university libraries for use by the public and students?

Answer. Both the Virtual Presence Posts (VPP) and American Corners program are options available to Chiefs of Mission overseas to improve outreach and engage the local public. The programs are not mutually exclusive and, in fact, should reinforce one another. Depending on the post's need and the local situation, one or both of the programs may be appropriate for posts to use as a platform to reach out to different communities in the host country. The offices responsible for the respective programs are coordinating efforts and working together to provide guidance to posts.

Question. A recently submitted report to Congress on the level of language-designated positions at our Embassies shows that for FY05, none of these positions have been filled in Baghdad by qualified Arabic speakers. Perhaps even more alarming, the report said that only four of all the positions in Baghdad were designated as requiring Arabic. How can this be when we so desperately need to communicate better with the Iraqis? In Kabul, another critical post, 11 out of 18 positions are currently staffed by officers "meeting" or at least "partially meeting" the language requirement there according to the report. Given the number of new positions that Congress has authorized and funded for the Department, why aren't more language qualified officers filling these critical needs?

Answer. The U.S. mission in Iraq was established in June 2004 following an extensive interagency planning process resulting in the transition from the Coalition Provisional Authority (CPA) to a full fledged U.S. Embassy. Employees were then, and still are, significantly restricted from moving out of the International Zone, given the security environment, although employees do regularly travel outside the International Zone to fulfill mission requirements. Although Arabic language proficiency is an important element to many U.S. mission Iraq jobs, not every position requires full working proficiency in the language. The Bureau of Near Eastern Affairs (NEA) sought officers with well-rounded skills who could function effectively in a very difficult environment. Many Iraqi Government, business and opinion leaders speak excellent English. Existing language gaps have been filled with the use of talented interpreter/translators.

The Foreign Service Institute (FSI), the Human Resources Bureau (HR), and the Bureau of NEA are developing a cadre of advanced speakers who will support transformational diplomacy and defend and advance U.S interests abroad. The Bureau of Human Resources, in its Foreign Service recruitment process, has established incentives for Arabic and other hard language qualified officers to help meet the Department's growing need for language proficiency. In the past 3 years, HR has recruited 30 professional proficient Arabic speakers. In FY 2003 through 2005, the Foreign Service Institute reports 312 enrollments of State employees in courses designed to achieve Limited Working Proficiency (2 level) in Arabic (including Standard Arabic and Egyptian Arabic) and another 105 enrollments of State employees in courses designed to achieve General Professional Proficiency (3 level) or higher in Arabic. The Bureau of Near Eastern Affairs continues to provide long-term Arabic training opportunities for Foreign Service employees, including training beginning in September 2006.

Question. A number of your proposals for transformational diplomacy—Foreign Service officers trained to run programs, operational nation-building activities far away from capitals, strengthening rule of law, improving health and reforming education—are all missions that are currently being carried out by USAID officials. Can you describe where you see such missions overlapping and give us a sense of how you see responsibilities dividing between USAID and State in the field?

Answer. As we transform to being more engaged in a "hands-on" fashion to try to help people transform their lives, there will be enough work for both the Foreign Service and the USAID corps. These roles are by no means redundant or competitive. USAID is our primary delivery mechanism for hands-on assistance and will continue to play that role in even a stronger way, but a more coordinated way. A strengthened USAID only augments these capabilities. Foreign Service officers are and will continue to become engaged in a different kind of work than in the past, while still maintaining traditional diplomatic roles, and must be well trained properly to do so.

Question. Since 2003 there has been a decline in the number of people taking the Foreign Service exam. In addition, there was a gap in the number of training positions versus training goals at the Department. How will State make up that gap? How do you plan to encourage more people to take the Foreign Service exam? What effect might your transformational diplomacy have on Foreign Service applications in the coming years?

Answer. In 2003, 20,342 applicants took the written examination; in 2004, 19,101; and in 2005, 18,699. While it is true that slightly fewer people took the exam in recent years, we still have a very large candidate pool for a relatively small number of positions. Nevertheless, we have a number of efforts aimed at encouraging more top quality people to take the Foreign Service exam, including internships, fellowships, partnerships with nongovernmental organizations, participation in a variety of conferences, advertising, and the use of foreign language materials to reach out to family members of potential recruits so they will better understand the challenges and rewards of a Foreign Service career. Our Diplomats in Residence identify, counsel, and mentor potential Foreign Service candidates.

It is our hope that transformational diplomacy will attract individuals to the Foreign Service in even larger numbers for a career where they will be on the cutting edge of diplomacy, and where they are more than ever on the front lines as U.S. representatives in new postings around the world.

The Diplomatic Readiness Initiative of Fiscal Years 2002 to 2004 included plans for 512 training positions. In fiscal year 2004, Department appropriations fell 89 positions short of the DRI goal. In addition, due to the emerging requirements of staffing Iraq and Afghanistan, an additional 153 positions were diverted from training, leaving the Department a total of 242 positions short of our DRI training goal.

Question. Please explain the proposed pay-for-performance system. Do you expect that it will boost retention and recruitment? How competitive would this system be with the private sector? What effect would this new performance-based pay system have on the pay of current Foreign Service officers?

Answer. The Department understands that the final legislative proposal on Foreign Service modernization will be transmitted by the administration very soon. Generally, the system would eliminate longevity-based pay increases and institute a system similar to that already in place for the Senior Foreign Service, wherein an employee's annual pay adjustment is dependent on the previous year's performance assessment. The proposal would also establish a global rate of pay for the Foreign Service to attract and retain a labor market for worldwide-available personnel, based on the needs of the Service, consistent with other pay systems with similar worldwide availability requirements.

We expect that the proposed system will enable the Department to continue to recruit and retain top talent willing to spend a great portion of their career overseas. Currently the private sector and other components of the USG employ pay structures for their worldwide deployable workforce that reward rather than penalize overseas service. This proposal will reward employees commensurately with performance and will restore the incentives for overseas service throughout an employee's career.

The effect on current Foreign Service officers at the FS–01 level and below, like the Senior Foreign Service, would also no longer be guaranteed an annual pay increase just for an additional year in service. As of April 2008, all increases in pay would be performance-based. Further, the rank-and-file Foreign Service would no longer take a pay cut for serving overseas, significantly restoring the incentive for overseas service. Under the forthcoming proposal, as of April 2008, one global pay

schedule would be used for Foreign Service personnel (FS–01 and below) regardless of overseas or domestic location.

Although the system does not address the differences between the public and private sector on pay levels in general, it employs both private and public sector standards for pay benefits for professional staff who spend the majority of their careers deployed worldwide on a rotational basis. The majority of the private sector, the United Nations, most NGOs, and the USG intelligence agencies do not require their employees to take a pay cut when deploying on assignment to an overseas location.

CLIMATE CHANGE

Question. The UNFCCC—Although the United States is not a party to the Kyoto Protocols, the United States did ratify the United Nations Framework Convention on Climate Change (UNFCCC). At a recent meeting of the parties to the UNFCCC in Montreal, State Department officials signed a document pledging to a "dialogue on long-term cooperative action to address climate change." What is the Department's strategy to achieve this UNFCCC dialogue? Does the Department foresee this dialogue under the UNFCCC leading to regional, multilateral, and bilateral agreements and treaties dealing with climate change? What part does the Asian Pacific Partnership play in this dialogue under UNFCCC? What other climate change mitigation initiatives undertaken by the administration are part of this UNFCCC dialogue?

Answer. The United States views the UNFCCC "Dialogue on Long Term Cooperative Action to Address Climate Change" as an opportunity to advance our practical, results-oriented climate policy, especially through showcasing our multilateral climate science and technology partnerships. The dialogue is not a negotiating forum, as the UNFCCC decision establishing the dialogue makes clear, but a series of up to four workshops in which we will share our experiences in addressing the climate challenge—especially in the areas of sustainable development goals, adaptation, the role of technology and the importance of realizing the full potential of markets. We are actively engaged in preparing to participate in the first meeting of the dialogue, which will take place in May.

The United States is currently involved in a wide range of multilateral agreements and other initiatives dealing with climate change that are consistent with UNFCCC goals. They include:

- Leading nuclear technology research and development through the Generation IV International Forum;
- Pioneering hydrogen as a clean energy carrier, through the International Partnership for the Hydrogen Economy;
- Developing cost-effective technologies to capture and store carbon emissions from abundant fossil fuels under the Carbon Sequestration Leadership Forum;
- Integrating and expanding global measurements to improve decisionmaking, under the Group on Earth Observations;
- Bringing cost-effective, energy-producing methane capture and use technologies to developing countries through the U.S.-initiated Methane-to-Markets Partnership; and
- Increasing access to modern energy services in more than 20 countries through the Global Village Energy Partnership. The United States has also renewed its participation in ITER, the international project to harness fusion energy.

The new Advanced Energy Initiative (AEI) will increase spending on clean-energy sources that will reduce oil usage and change the way we power our homes and automobiles. The initiative includes significantly increased funding in fiscal year 2007 for biofuels research, the Solar America Initiative, the Hydrogen Fuel Initiative, and FutureGen, the world's first zero-emissions fossil fuel plant. The Global Nuclear Energy Partnership, a component of the AEI, is a comprehensive strategy to enable an expansion of nuclear power in the United States and around the world, to promote nuclear nonproliferation goals, and to help resolve nuclear waste disposal issues. DOE's fiscal year 2007 budget request includes $250 million for this effort.

Since 2001 the United States has negotiated bilateral climate change agreements with 13 individual countries, a group of 7 Central American countries, and the European Union. Scientific research, clean energy technologies, and capacity-building are emphasized, with policy discussions also underway.

In January, six countries (Australia, China, India, Japan, Korea, and the United States) launched the Asia-Pacific Partnership for Clean Development and Climate to help accelerate the global deployment of clean and efficient energy technologies and practices. The partnership's activities will be consistent with, and contribute to, our efforts under the UNFCCC.

We view these multilateral agreements and other initiatives as successful examples of practical approaches to achieving the objectives of the UNFCCC. Stabilization of greenhouse gas concentrations in the atmosphere will require the development and deployment of new, transformational clean energy technologies, and we are taking the lead through our domestic programs and by mobilizing the international efforts outlined above.

Question. Official Senate Observer Group—When President Reagan initiated arms control negotiations with the Soviet Union in 1985, he asked the Senate to establish an official observer group. This official Senate observer group greatly contributed to bipartisan Senate support from the lengthy and complicated treaties resulting from the negotiations. Treaties negotiated without this kind of strong bipartisan support, like Kyoto, also contribute to international misunderstandings and American public diplomacy problems when the Senate expresses opposition, as it did with Kyoto through the Byrd-Hagel resolution. This committee has gone on record unanimously calling for an official Senate observer group to participate in future negotiations over climate change. Do you support such a role for the Senate? Are you willing to work with the Senate on such a process?

Answer. The administration welcomes the participation of Senators and their staff as observers on our delegations to the U.N. Framework Convention on Climate Change. We seek to advance our climate change approaches through the Framework Convention, of which we are a member, and we seek to protect U.S. interests as parties to the Kyoto Protocol move ahead on their agenda.

We note that congressional observers from both the Senate and the House regularly participate on U.S. international delegations. For example, this past December, a Senator and nearly 30 congressional staff members traveled to Montreal, Canada, to observe climate change proceedings as part of the U.S. delegation. Congressional participants attended meetings of the U.S. delegation; received regular and frequent briefings; and attended both formal and informal negotiating sessions.

QUESTIONS OF SENATOR JOHN SUNUNU

DIRECTOR OF FOREIGN ASSISTANCE

Question. In addition to AID's long-time primacy and expertise with regard to development assistance, DSCA has unique abilities with regard to security assistance, and Congress recognized many years ago that other government agencies could make similar unique contributions in their own areas of expertise. For which programs, accounts, and agencies do you intend the DFA to be responsible?

Answer. I am establishing the position of Director of Foreign Assistance (DFA) to better align our foreign assistance programs with our foreign policy goals, to align more fully the foreign assistance activities of USAID and State, and to demonstrate that we are responsible stewards of taxpayer dollars. The DFA is intended to provide overall leadership to foreign assistance that is delivered through other agencies and entities of the U.S. Government. To the extent permitted by law, I will delegate to the DFA the foreign assistance funding authorities consistent with and necessary to achieve a single coordinated foreign assistance approval authority. The Director of Foreign Assistance will work closely with other government agencies in exercising his authority over foreign assistance funding and programs and developing coordinated strategies, plans, and budgets. Under my direction, the DFA will have approval and coordinating authority over all foreign assistance.

Question. On what basis will the DFA have authority over those programs, accounts, and agencies? Will the DFA assume the statutorily based authorities of, e.g., the SEED and FSA coordinators? If not, how do you envisage the relationship between the DFA and programs with independent statutory authorities? How will the DFA be able to direct and affect the design, implementation, and evaluation of specific programs?

Answer. To the extent permitted by law, I will delegate to the DFA the foreign assistance funding authorities consistent with and necessary to achieve a single coordinated foreign assistance approval authority. The Director of Foreign Assistance will work closely with coordinators in exercising his authority over foreign assistance funding and programs and developing coordinated strategies, plans, and budgets.

The DFA is intended to provide overall leadership to foreign assistance that is delivered through other agencies and entities of the U.S. Government. By instituting integrated country strategies and operating plans, the Director of Foreign Assistance will help ensure that USG agencies delivering foreign assistance are not work-

ing at cross purposes, that, in fact, we are taking advantage of agencies' comparative strengths to create a U.S. Government program that is effective and makes the most efficient use of taxpayer dollars. With specific respect to agencies that have an independent statutory existence, the Director of Foreign Assistance will work closely with them to address the pressing issues that face developing countries and to ensure that programming is complementary and stove-piping is curtailed. We will respect statutory authorities, but also seek opportunities for synergy and efficiency.

The added value of the Director of Foreign Assistance role is not in interfering with the core functions, specific responsibilities, or operations of the various agencies implementing foreign assistance; it is in ensuring that all activities are part of a coordinated whole, and, therefore, that impact is greater than the sum of parts.

Question. What sort of support staff would the DFA have? There is nothing in the FY 2006 or FY 2007 budget requests suggesting new positions are needed to implement this initiative. Is it your intention that this become an adjunct function of AID's Program Planning Coordination staff (PPC), since the DFA would also be the Administrator?

Answer. With regard to staff needs for the Director of Foreign Assistance, I intend for this office not to be duplicative, but instead to add value to the current environment. I anticipate an office that, when fully staffed, will bring together something in the range of 50 to 100 positions, based on bringing together existing staff who are performing common foreign assistance functions in the two organizations. The DFA will consult with and provide a full notification to Congress once we have made the necessary decisions about how to best utilize these existing functions.

PUBLIC DIPLOMACY ORGANIZATION

Question. Please provide the committee with a spreadsheet showing for each of the years 1996–2005 the following:

- The number of PD (or USIA, for the preintegration years) officers, by grade (O–5 to MC) and their average time-in-class (TIC);
- The number of PD positions, by grade;
- The number of new PD hires, by grade;
- The number of retirements or other departures, by grade;
- The number of PD officers promoted into that grade and their average TIC and time-in-service (TIS);
- The number of PD officers serving in non-PD-cone positions;
- The number of non-PD officers serving in PD positions.

Answer. Reliable information on these issues is not available for 1996 to June 2000. See spreadsheet below for information from 2000 to 2005.

THE NUMBER OF PD OFFICERS, BY GRADE (O5 TO MC) AND THEIR AVERAGE TIME-IN-CLASS (TIC)

Grade	CY 05		CY 04		CY 03		CY 02		CY 01		CY 00	
	No. of	Avg. TIC	No. of	Avg. TIC	No. of	Avg. TIC	No. of	Avg. TIC	No. of	Avg. TIC	No. of	Avg. TIC
CM	2	4.9	4	3.4	4	2.2	5	2.4	6	1.4	6	0.8
MC	56	3.4	59	2.9	54	2.7	49	2.1	41	1.8	35	0.9
OC	79	3.2	81	2.9	89	2.7	87	2.2	83	1.9	80	0.9
01	171	3.9	178	3.4	175	2.9	170	2.5	181	1.8	182	0.8
02	148	4.2	163	3.5	174	3.0	175	2.6	184	1.8	179	0.9
03	141	1.4	79	1.5	65	1.7	74	2.2	81	1.6	88	0.8
04	283	1.8	244	1.6	167	1.5	115	1.3	56	1.1	42	0.9
05	83	0.9	94	1.0	100	1.0	74	0.9	50	1.0	14	0.7
06	19	0.7	22	0.8	29	0.6	34	0.6	14	0.7	0	0.0
07	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	0.1
Total	982	.....	924	.....	857	.....	783	.....	696	.....	627	.....

*Average TIC only includes DOS time only, not USIA time.

Question. Is there a need for a midlevel hiring program to bring in experienced public relations/communications professionals to contribute to our public diplomacy efforts?

Answer. Thanks to robust hiring of entry-level officers under the 3-year Diplomatic Readiness Initiative, we have been able to fill many of the gaps that existed in our midranks just a few short years ago. Our midlevel public diplomacy officers receive in-depth training and are well prepared to meet the challenges of explaining

U.S. policy abroad. We believe that under the experienced senior leadership in the Under Secretary for Public Diplomacy's office, these committed career professionals are doing an excellent job getting our message out.

Question. Please provide for the committee a bureau-by-bureau description of the physical integration of public diplomacy officers into the regional and relevant functional bureaus (i.e., are they across town, across the street, in the same building, the same general area of the building, or colocated with the policy offices).

Answer. Domestically assigned former USIA staff, apart from those in the Bureau of International Information Programs (IIP) and the Bureau of Educational and Cultural Affairs (ECA), are organizationally and physically integrated into the Department of State bureaus listed below. While many of these employees are housed within the Department headquarters, the Harry S Truman Building, there are also employees assigned to bureaus with offices located in various annexes within the District of Columbia (DC) metropolitan area. Approximately 800 IIP and ECA employees remain in the former USIA Headquarters Building (301 4th Street, SW, Washington, DC). However, the Department is working with the General Services Administration to identify potential office space so these employees could be relocated closer to the Harry S Truman Building.

Question. Please describe their [public diplomacy officers in regional and functional bureaus] integration into State's lines of authority (i.e., do they receive taskings largely through a PD structure or are policy office directors and embassy front offices managing their day-to-day activities)?

Answer. Public diplomacy officers in regional and functional bureaus and in embassies overseas are fully integrated into the bureaus' structure and the embassy country teams. In the Department, they report to a Deputy Assistant Secretary in each of the bureau front offices, and overseas, the Public Affairs Officer (PAO) reports directly to the Deputy Chief of Mission (DCM). In addition, Under Secretary Karen Hughes has recently introduced a network of Public Diplomacy Deputy Assistant Secretaries in each regional bureau who report both to the bureau assistant secretary and to her. This ensures a direct reporting arrangement to the Under Secretary for the public diplomacy function.

Question. You have requested additional Public Diplomacy Program funding in FY07. How will those funds be used in the field to enhance our efforts?

Answer. An increase of $10 million is requested for the Office of Public Diplomacy and Public Affairs to support public diplomacy objectives through engagement, empowerment, and evaluation.

Speaker Program Expansion

With the $1,265,000 requested, the Department will create a new youth speaker program, modeled after the U.S. Speakers Program, in which Americans from a variety of walks of life are recruited to travel and participate in programs developed especially to engage younger groups. This proposal will provide a more strategic focus for the U.S. Speaker Program to sustain and reinforce interaction with targeted overseas audiences using a mix of communication tools, including videoconferencing and Web-based techniques.

Arabic and Chinese Language Services

The requested funding of $1,700,000 will expand the Department's Arabic and Chinese language services by making more information available in those languages. The Department will provide a more complete offering of policy statements, texts, and transcripts and contextual materials, in formats that intended audiences (Arabic and Chinese speakers) are most comfortable with, for example, Web sites, listservs, Web-casting, text messaging, etc. Expanding Arabic language services will support U.S. foreign policy in the broader Middle East, while expanding Chinese language services will allow the Department to reach audiences in one of the fastest growing regions in the world.

American Corners

The $3,200,000 requested addresses the President's charge to the public diplomacy community to engage with international audiences—to tell America's story and also listen to the stories of others. American Corners provide the logistical foundation for interactive dialog and in most countries, the only source for that dialog. American Corners make use of interactive technology and provide visitors access to material about the United States in a multimedia format. Expansion of American Corners will provide an opportunity to explore life and culture in the United States, and in many localities will provide one of the best places to obtain accurate and cur-

rent information about economic, cultural, political, educational, and social trends in the United States.

Countering Disinformation and Discrediting Terrorists

With the $2,000,000 requested, the Department will use a proactive approach to an effort to discredit terrorists and diminish their appeal to win the war on terror. The Bureau of International Information Programs (IIP) has created a program to debunk false stories about the United States. The program will expose un-Islamic behavior by terrorists; support partners in their campaigns to delegitimize extremists in their midst; and partner with foreign community leaders in public education campaigns against terrorism and the terrorist messages of hatred and violence.

Television (TV) Cooperatives and Media Broadcast Projects

Television and video broadcasting products continue to be powerful strategic tools for bringing America's foreign policy message to worldwide audiences. The TV Co-Op program has proven to be one of the most critical components of the Department's overseas media outreach. The Department is seeking $585,000 to implement additional TV Co-Ops that will target Arab and Muslim audiences in order to build closer relationships, counter extremists, enhance the credibility of the United States and reestablish the image of the United States as a partner for positive change.

Evaluating and Polling

With the $1,250,000 requested, the Department will establish a fully effective, performance-based executive direction and evaluation capability. The Evaluation Unit will develop a "culture of measurement" by training Public Diplomacy Program managers on program planning, including needs assessments, audience research, and early planning for monitoring and evaluation; designing and implementing outcome assessments; and creating a centralized program planning, management and performance database that will include planning guidelines, needs assessment information, audience analysis data, and evaluation findings. The Department will also expand its polling and survey program in Arab and Muslim-majority countries to address negative views of the Unites States, U.S. policy, and the war on terrorism in those Muslim-majority and Arab countries.

PALESTINIAN POLICY AND AID

Question. Your strategy for dealing with a Hamas-led Palestinian Authority appears to rely upon President Abbas as a counterweight. But we systematically built up the Prime Minister's position—rather than his—over the past few years and his record to date is one of indecision and weak leadership. How do you envision moving ahead?

Answer. Our policy decision regarding the Office of the President and the person of President Mahmoud Abbas is clear: We intend to maintain contact with the interim government under his leadership until a new government takes charge. President Abbas has outlined his program for peace and mandated the new PA government to be formed to commit itself to these policies of partnership.

The international community has made clear that a new Palestinian Authority government must disavow terror and violence, recognize Israel's right to exist, and accept previous obligations and agreements between the parties. This was the position taken by the Quartet—the United States, European Union, Russia, and United Nations—in their statement of January 30.

These requirements are based upon longstanding principle and are applicable to any Palestinian Government. But as Secretary Rice has said, Hamas, as the majority party in the new Palestinian Legislative Council, will now have to bear responsibility for the decisions it makes and face up to the consequences of those decisions, which will shape the international community's approach to issues involving the Palestinians and regional peacemaking efforts.

We believe that it is critical that there be a Palestinian partner for peace, and we intend to maintain a dialog with President Abbas. Our assistance program for the Palestinians is currently subject to an interagency review. We will advise the Congress of the outcome of that review, and consult further on next steps upon the completion of that process.

Question. Your FY07 request includes $150 million for aid to Palestinians, appropriately caveated to indicate a review is under way in light of the outcome of the January 25 elections. Quite aside from political turmoil, it is clear that an economic crisis is brewing: The stock market in Nablus has already lost 25 percent of its capitalization; the fresh produce from Gaza which was intended to be a mainstay of its economy is rotting, unable to reach Ben Gurion Airport for transport to export

markets in Europe; the ability of the Palestinian Authority to pay teachers and health workers after this month is in grave doubt. How can we address this under current circumstances?

Answer. With the expected formation of a Hamas-led Palestinian Authority (PA) government, a comprehensive interagency review of all USG assistance to the Palestinians is underway. This review will ensure that our assistance continues to reflect U.S. policy goals and fully complies with U.S. law; it is informed by our abiding commitment to meeting the basic humanitarian needs of the Palestinian people. We will advise the Congress of the outcome of that review, and consult further on next steps upon the completion of that process.

Until a new government is formed, we are cooperating with the international community to facilitate the work of the caretaker government and ease the suffering of average Palestinians. We have worked closely with Arab governments and the international community to stabilize the finances of the interim PA government. The European Union has promised to provide approximately $140 million in support to the caretaker government to cover salaries, utility bills, and humanitarian needs. In February, the Qataris transferred $14 million, enabling the PA to pay its January wage bill, while the UAE has promised additional support, which we expect would help the PA pay February wages. For its part, while Saudi Arabia continues its $15.4 million bimonthly transfers, it has yet to deliver on its additional pledged support.

Ultimately, as the majority party in the new Palestinian Legislative Council, the burden falls on Hamas to fulfill the peaceful aspirations of the Palestinian people and create a climate that encourages stability and economic growth. Hamas can only achieve these outcomes by committing to the three principles laid out by the Quartet (the United States, European Union, United Nations, and Russia) in its January 30 statement: Renouncing violence, recognizing Israel, and accepting prior agreements and obligations, including the roadmap. As Secretary Rice has said, Hamas will now have to bear responsibility for the decisions it makes and face the consequences of those decisions.

Lebanon

Question. Are you satisfied with the level of cooperation by the Syrian regime with the United Nations investigation? Does that investigation have the resources it requires? Should the investigation be expanded to examine other politically motivated killings in Lebanon?

Answer. We have not been satisfied with the level of the Syrian regime's cooperation with the UNIIIC investigation; the two prior reports of the Commission reflect a distinct lack of Syrian cooperation. As I said in my statement on January 11, 2006, we continue to call upon the Syrian regime to respond positively to the requests of U.N. Independent International Investigation Commission (UNIIIC). The Syrian regime must cease obstructing the investigation into the assassination of former Lebanese Prime Minister Hariri and cooperate fully, as required by U.N. Security Council resolutions. We intend to refer this matter back to the Security Council if Syrian obstruction continues.

We continue to work with our colleagues on the United Nations Security Council to ensure that the UNIIIC has adequate resources at its disposal. The United States stands firmly with the people of Lebanon in the pursuit of justice and bringing the investigation to its ultimate conclusion.

U.N. Security Council Resolution 1644, unanimously adopted by the UNSC, authorizes the United Nations to extend assistance to the Lebanese Government's investigations into the other assassinations. We fully support this process. Continuing assassinations in Lebanon of opponents of Syrian domination, including most recently the murder of journalist and Member of Parliament, Gebran Tueni, on December 12, 2005, create an atmosphere of fear that Syria uses to intimidate Lebanon. Syria must cease this intimidation and immediately come into compliance with all relevant Security Council resolutions.

Question. Assuming senior Syrian officials are shown to be complicit, would you support their referral to the International Criminal Court, expanding the mandate of either of the existing International Tribunals (Yugoslavia, Rwanda), or creating a new tribunal?

Answer. In unanimously adopting UNSC Resolution 1644, the U.N. Security Council began the process of determining what international trial elements are needed to assist Lebanon in seeking justice for the assassination of former Prime Minister Hariri. In operative paragraph 6 of the resolution, the Security Council "Acknowledges the Lebanese Government's request that those eventually charged with involvement in this terrorist attack be tried by a tribunal of an international

character, requests the Secretary General to help the Lebanese Government identify the nature and scope of the international assistance needed in this regard, and requests also the Secretary General to report to the Council in a timely manner."

The Lebanese Government's legal team is consulting with the United Nations on possible mechanisms for a Lebanese tribunal with international elements. We anticipate the Secretary General will report on this matter, and the United States will study the report.

The International Criminal Court (ICC) is not a realistic option, including because the jurisdiction of the ICC is restricted to genocide, war crimes, and crimes against humanity, none of which apply to the Hariri assassination.

Question. The President's FY 2007 budget includes a 500-percent increase in FMF for Lebanon. For what is this intended?

Answer. As the Lebanese Government implements political, economic, and institutional reforms, we have a key opportunity to fill the void left by the withdrawal of Syrian troops by assisting the Lebanese Armed Forces develop into a unifying national institution with the capacity to assert its sovereignty and deploy throughout the country, as called for in UNSC Resolution 1559.

FMF is a critical tool to supporting the process of rebuilding and restoring the operational readiness of the Lebanese Armed Forces to accomplish U.S. goals as outlined in UNSCR 1559 and 1614. Lebanon received no FMF in FY 2005, and only $990,000 in FY 2006. The FY 2007 request is $4.8M. FMF in FY 2007 will enable follow-on support and ammunition to sustain existing inventories of U.S.-origin weapons, vehicles, and equipment. FY 2007 FMF will support the acquisition of repair parts and maintenance, ammunition, and body armor for the Lebanese Armed Forces. The increased amount of funding is critical in order to enhance the operational readiness of the Lebanese Armed Forces.

QUESTIONS OF SENATOR GEORGE VOINOVICH

Question. The FY 2007 budget request reflects a proposed decrease in Assistance for Eastern Europe and the Baltic States, from $357 million to $273 million, a decrease of 23 percent. Bulgaria, Croatia, and Romania have been phased out in FY 2007 and will receive no funding in FY 2007. Additionally, there are decreases across the board for other countries, including a 16-percent decrease for Serbia and Montenegro.

Please discuss the State Department's rationale for decreasing SEED funding and plans for phasing out the remaining SEED recipient nations. Specifically, does the State Department believe that programs in the areas of rule of law, democracy, anticorruption, and other areas are nearing completion in Southeast Europe? Several reports indicate that corruption remains rampant through the region and there is much work to do to institute rule of law, democracy, and judicial capabilities throughout the region. Please comment on the vision of U.S. assistance to Southeast Europe.

Answer. In FY 2007, SEED assistance will continue to promote a Europe that is whole and free, grounded in democratic principles and the rule of law, prospering in a market economy, and integrated into Euro-Atlantic institutions. Our work includes stabilizing war-torn Southeast Europe; supporting transition resulting from Kosovo status talks and a possible Montenegrin independence referendum; supporting progress toward democracy and market economies in which transparency and competition replace corruption and cronyism; strengthening U.S. partners in the war on terror; and promoting Euro-Atlantic integration.

Two countries that will phase out of SEED funding in FY 2007, Bulgaria and Romania, have signed accession agreements with the European Union in anticipation of joining as early as January 1, 2007 (with a "safeguard" clause that could put off accession until 2008). Like these countries, Croatia will not receive FY 2007 SEED funds as it has made significant progress on economic and democratic reforms and looks to possible EU accession as early as 2009. All three countries received significant preaccession aid from the European Union in 2005.

Kosovo and Serbia, which are requested at $79 million and $62 million respectively, would receive the bulk of SEED funding in FY 2007—an important transition period resulting from the Kosovo final status talks. For Bosnia, $31 million is requested for supporting reform as it institutes a new, more independent constitutional structure with state-level ministries.

Our request for Macedonia is $27 million. The European Union named Macedonia a candidate country in December 2005. SEED assistance to Albania is requested at $20 million; Albania just initialed a Stabilization and Association Agreement with

the European Union. The request for Montenegro is $8.5 million. In each of these countries (or republics), we will continue anticorruption assistance and support to the justice sector. Since important work remains in the region to address justice sector reform, SEED funding in this sector will not phase out as early as in other sectors, as displayed in the chart below.

Plans for bilateral SEED assistance budgets also had to be considered against the need to fund the U.S. contribution to the OSCE (FY 2007 is the third year the SEED budget will fund U.S. contributions to the OSCE), as well as expenses for the Office of the High Representative (OHR) in Bosnia and Herzegovina. The FY 2007 OSCE request is $28.5 million, up from $24.4 million in FY 2006, due to growing OSCE contributions.

	Economic	Democratic	Social	Law enforcement
Sector or program phaseouts—SEED assistance:				
Albania	2013	2013	2014+	2014+
Macedonia	2010	2010	2010	2011
Serbia/Montenegro	2010	2011	2011	2014+
Sector or program phaseouts 10 or more years:				
Bosnia	2014+	2014+	2014+	2014+
(No phase out has been developed for Kosovo assistance)				

Question. Please clarify how funds be allocated within Europe and Eurasia for Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR), including with the Export Control and Border Security (EXBS) funds.

Answer. The NADR account crosscuts several key areas of our foreign policy concerns by supporting nonproliferation activities to prevent, security, and containing WMD; strengthening international agreements on nonproliferation constraints; and ensures peaceful cooperation regarding nuclear safety; preventing and countering terror attacks on U.S. interests at home and abroad; and promoting peace and regional stability, while meeting humanitarian needs in post-conflict environments including nonproliferation, counterterrorism, and humanitarian assistance.

Four offices within the Bureau of International Security and Nonproliferation expend NADR program funds. The Nonproliferation and Disarmament Fund is requesting $38 million for FY 2007. The NDF will not know how its FY 2007 funds will be allocated until the third or fourth quarter of the fiscal year owing to the nature of NDF operations, but during the last 5 years a majority of its program funds have been expended in Europe and Eurasia, though only about 20 percent of NDF's projects to date are in the former Soviet Union. The NWMDE programs are requesting $56.2 million for FY 2007. NWMDE will continue to expend the majority of its program funds in the former Soviet Union. With the resources from the Iraq Relief and Reconstruction Fund (IRRF) and NDF it has only been in recent years that it has started scientist redirection programs in Iraq and Libya and they make up less than 5 percent of the total program spending. The Office of Multilateral Nuclear and Security Affairs is requesting $50 million for the voluntary contribution to the International Atomic Energy Agency. These funds are used primarily for the IAEA's safeguards, technical cooperation, nuclear security, and nuclear safety programs, of which a significant portion goes to programs in Europe and Eurasia. For example, approximately 25 percent of IAEA technical cooperation funds were expended in 2004, the last year for which figures are available. ISN is also requesting $19.8 million for its contribution to the International Monitoring System, which operates globally.

EXBS is requesting $45.05 million for FY 2007. Of that, $17.495 million would be expended for EXBS program initiatives in Europe and Eurasia. It is anticipated that Slovenia will graduate to join Poland, the Czech Republic, Hungary, Estonia, Latvia, Lithuania, Romania, and Bulgaria in the limited sustainment phase of the EXBS program. In Southeast Europe, EXBS will concentrate on developing legal/regulatory and licensing infrastructures as well as increasing interdiction and investigation capabilities. In Turkey, EXBS will concentrate on providing more sophisticated WMD interdiction equipment and on fostering greater government outreach to industry. EXBS will focus on improving customs and border guards enforcement in Russia, Ukraine, Tajikistan, and Kazakhstan.

FY 2007 will mark the first year for an EXBS program in Georgia, which will focus on enhancing border security, effective legal/regulatory and licensing infrastructure for strategic trade enforcement, and outreach to dual-use industries to assist them in establishing internal compliance. EXBS will be equipping key smug-

gling routes in Central Asia and the Caucasus with inspection and radiation detection equipment and supporting efforts in the Caspian Sea area to detect and interdict WMD-related technology proliferation. EXBS will also deploy a new Maritime advisor in Albania.

The Bureau of Political-Military Affairs utilizes funds from three NADR subaccounts: Humanitarian Demining, the International Trust Fund for Humanitarian Demining (ITF), and Small Arms and Light Weapons (SA/LW) destruction. The humanitarian demining request includes $1.5 million to continue demining in the region of Abkhazia in Georgia with the objective of declaring Abkhazia mine and unexploded ordnance impact free by the end of 2007. We also plan to support increased demining capacity in Azerbaijan to meet the national strategic objective of clearance of all accessible areas by 2008. The $10 million requested for the ITF in FY 2007 will continue our mine action support in South East Europe. Our funds leverage an equal amount of matched funds from other national and international donors to foster humanitarian mine action in the region. ITF funds support comprehensive humanitarian mine action programs in Albania, Bosnia-Herzegovina, Croatia, Serbia and Montenegro, Macedonia, and the province of Kosovo. The SA/LW destruction program has requested $8.6 million in FY 2007 funds. Approximately half of these funds would be expended in Europe and Eurasia, primarily to support continued reduction of large and aging stockpiles of SA/LW and associated munitions, including man-portable air-defense systems (MANPADS).

The Office of the Coordinator for Counterterrorism (S/CT) is requesting NADR funds for FY 2007 for the Anti-Terrorism Assistance Program (ATA), the Counterterrorism Financing Assistance Program (CTF), the Terrorist Interdiction Program (TIP), and CT Engagement with Allies. The ATA Program uses NADR funds to provide training and enabling equipment at the strategic, operational, and tactical levels to law enforcement officials of foreign nations allied with the United States in the global war on terrorism, but lacking in the expertise and/or resources to effectively engage the threat. Of the $135.6 million requested for ATA for FY 2007, $6.6 million would be used to support assistance planned for Albania, Armenia, Bosnia and Herzegovina, Georgia, Macedonia, Turkey, and some regional activities. The CTF Assistance Program uses NADR funds to provide training and technical assistance with the objective of building sustainable, dynamic antimoney laundering and counterterrorist financing regimes that adhere to international standards and implement effective programs in the legal, financial regulatory, financial intelligence, law enforcement, prosecutorial, judicial and international cooperation fields. Of the $9.08 million requested for CTF for FY 2007, $200,000 would be used for programs in Bosnia and Herzegovina and Turkey. TIP strives to constrain terrorists' freedom of movement between countries by providing participating nations with a computer-based watch listing system enabling immigration and border control officials to quickly identify suspect persons attempting to enter or leave the country. TIP also provides participating nations with increased capability to collect traveler data and contribute to the global effort to understand terrorist methods and track their movements. Of the $11.8 million requested for TIP for FY 2007, $500,000 would be used for funding deployment of the Personal Identification Secure Comparison and Evaluation System (PISCES) to Georgia and Macedonia and to sustain/upgrade existing programs in Kosovo and Malta. Finally, NADR funds for CT Engagement with Allies programs could be used to sponsor conferences to foster regional cooperation on maritime security/terrorist interdiction, mainstream Muslims' engagement against extremism, border security, and interdiction of weapons of mass destruction and their components. Of the $1 million requested for CT Engagement for FY 2007, $100,000 would be used to help fund an Organization for Security and Cooperation in Europe (OSCE) hosted workshop for regional counterterrorism organizations to coordinate efforts, exchange best practices, and identify areas for future joint action.

Question. Please clarify the State Department's policy regarding International Military Education Training (IMET) funds and article 98 agreements. Provide a list of the countries that have been prohibited from receiving IMET assistance because they have not yet signed an article 98 agreement. Of these countries, which countries are actively seeking membership in both NATO and the European Union? Considering IMET funding promotes U.S. goals of interoperability, Western military ideology, and bilateral military exchanges, does restricting IMET hinder progress for NATO membership, MAP, or PfP goals? The President waived article 98 requirements for the NATO aspirants. Please comment on whether the State Department has given consideration to requesting a waiver provision for the countries actively seeking NATO membership (with U.S. support and encouragement) so that they can receive IMET without an article 98 agreement?

Answer. The prohibitions that Congress included in the American Servicemembers' Protection Act (ASPA) have been useful in securing many of the 101 article 98 agreements we have signed to date. These are important agreements to protect U.S. persons from illegitimate assertions of jurisdiction over all U.S. persons—particularly our servicemembers acting overseas. We have authority in the ASPA to waive the prohibitions for important national interests and are now reviewing the remaining IMET prohibitions on countries that have not yet signed an article 98 agreement to determine whether this prohibition is still helpful to our efforts to secure article 98 agreements and whether it is important to our national interest to restart IMET programs with these countries even in the absence of article 98 agreements.

Kenya, Lesotho, Mali, Namibia, Niger, South Africa, Tanzania, Samoa, Croatia, Malta, Serbia-Montenegro, Barbados, Bolivia, Brazil, Costa Rica, Ecuador, Mexico, Paraguay, Peru, St. Vincent and Grenadines, Trinidad and Tobago, Uruguay, and Venezuela are all currently prohibited from receiving IMET assistance because they are International Criminal Court members and have not yet signed an article 98 agreement.

Question. Public diplomacy is a key priority of mine. I am very interested in how the FY 2007 State Department budget addresses a variety of key issues in the area of public diplomacy. Please elaborate on how new funds will be allocated to advance public diplomacy. Please explain whether the State Department will use funds to provide additional personnel in the area of public diplomacy or additional training for public diplomacy officers. Please elaborate on how the State Department will increase funding for language specialists and foreign language training in Arabic, Chinese, and other critical areas. Will the State Department also use public diplomacy funding to increase educational exchange programs with countries in the Middle East? Which countries and how much?

Answer. The Under Secretary for Public Diplomacy and Public Affairs has developed a strategic framework to ensure that America's ideas and ideals prevail. This framework has three key objectives:

- To offer a positive vision of hope that is rooted in America's freedom agenda;
- To isolate and marginalize extremists and undermine their attempts to appropriate religion; and
- To foster a sense of common interests and values between Americans and people of different countries, cultures, and faiths.

An increase of $10 million is requested for public diplomacy to support these objectives through engagement, empowerment, and evaluation.

Speaker Program Expansion

With the $1,265,000 requested, the Department will create a new youth speaker program, modeled after the U.S. Speakers Program, in which Americans from a variety of walks of life are recruited to travel and participate in programs developed especially to engage younger groups. This proposal will provide a more strategic focus for the U.S. Speaker Program to sustain and reinforce interaction with targeted overseas audiences using a mix of communication tools, including videoconferencing and Web-based techniques.

Arabic and Chinese Language Services

The requested funding of $1,700,000 will expand the Department's Arabic and Chinese language services by making more information available in those languages. The Department will provide a more complete offering of policy statements, texts, and transcripts and contextual materials, in formats that intended audiences (Arabic and Chinese speakers) are most comfortable with, for example, Web sites, listservs, Web-casting, text messaging, etc. Expanding Arabic language services will support U.S. foreign policy in the broader Middle East, while expanding Chinese language services will allow the Department to reach audiences in one of the fastest growing regions in the world.

American Corners

The $3,200,000 requested addresses the President's charge to the public diplomacy community to engage with international audiences—to tell America's story and also listen to the stories of others. American Corners provide the logistical foundation for interactive dialog and in most countries, the only source for that dialog. American Corners make use of interactive technology and provide visitors access to material about the United States in a multimedia format. Expansion of American Corners will provide an opportunity to explore life and culture in the United States, and in many localities will provide one of the best places to obtain accurate and cur-

rent information about economic, cultural, political, educational, and social trends in the United States.

Countering Disinformation and Discrediting Terrorists

With the $2,000,000 requested, the Department will use a proactive approach to an effort to discredit terrorists and diminish their appeal to win the war on terror. The Bureau of International Information Programs (IIP) has created a program to debunk false stories about the United States. The program will expose un-Islamic behavior by terrorists; support partners in their campaigns to delegitimize extremists in their midst; and partner with foreign community leaders in public education campaigns against terrorism and the terrorist messages of hatred and violence.

Television (TV) Co-Operatives and Media Broadcast Projects

Television and video broadcasting products continue to be powerful strategic tools for bringing America's foreign policy message to worldwide audiences. The TV Co-Op program has proven to be one of the most critical components of the Department's overseas media outreach. The Department is seeking $585,000 to implement additional TV Co-Ops that will target Arab and Muslim audiences in order to build closer relationships, counter extremists, enhance the credibility of the United States and reestablish the image of the United States as a partner for positive change.

Evaluating and Polling

With the $1,250,000 requested, the Department will establish a fully effective, performance-based executive direction and evaluation capability. The Evaluation Unit will develop a "culture of measurement" by training Public Diplomacy Program managers on program planning, including needs assessments, audience research, and early planning for monitoring and evaluation; designing and implementing outcome assessments; and creating a centralized program planning, management, and performance database that will include planning guidelines, needs assessment information, audience analysis data, and evaluation findings. The Department will also expand its polling and survey program in Arab and Muslim-majority countries to address negative views of the Unites States, U.S. policy, and the war on terrorism in those Muslim-majority and Arab countries.

Costs associated with the establishment of new American officer positions are not a component of the Department's PD request. The Department is requesting an additional 70 positions, which may include public diplomacy positions, to support transformational diplomacy as part of the overall FY 2007 Diplomatic and Consular Programs funding request.

The Department's training program for public diplomacy officers, including language training, is the principal responsibility of the Foreign Service Institute, which has an innovative training strategy designed to directly support new and emerging policy and management priorities. PD training courses that are presently being offered to American officers are being reviewed in an effort to insure that evolving public diplomacy concepts and practices are being clearly disseminated. The Department will utilize additional funding requested in the Educational and Cultural Exchanges appropriation to address exchange programs with countries in the Middle East.

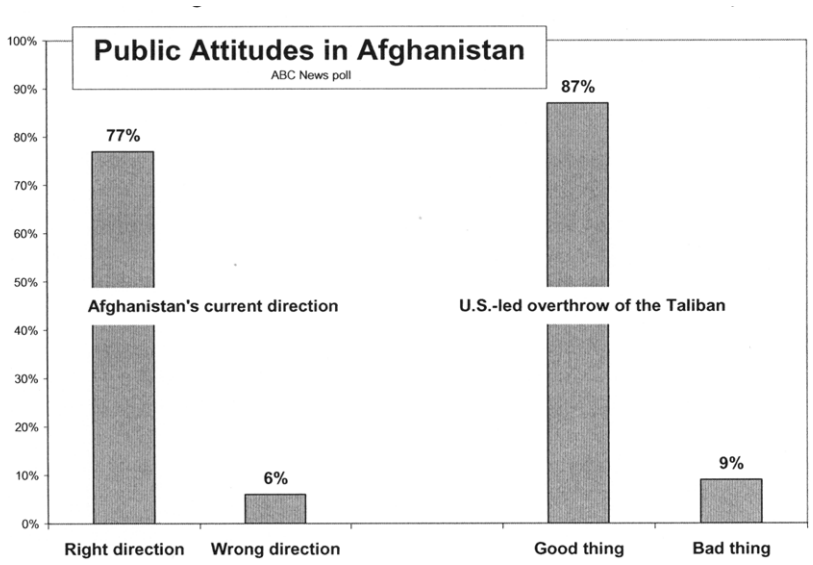
ABC News Poll Submitted for the Record by Senator Lugar

[From ABC News Poll: Life in Afghanistan, Dec. 7, 2005]

Despite Deep Challenges in Daily Life, Afghans Express a Positive Outlook

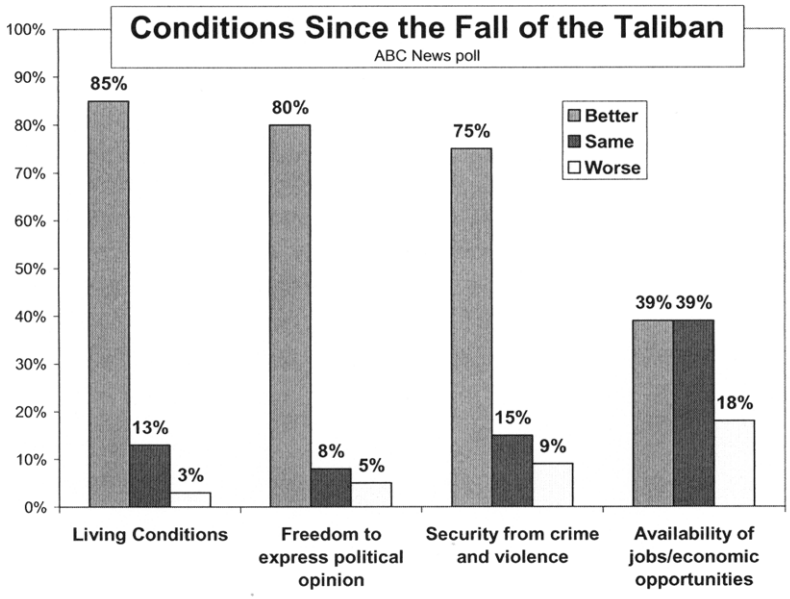
Four years after the fall of the Taliban, Afghans express both vast support for the changes that have shaken their country and remarkable optimism for the future, despite the deep challenges they face in economic opportunity, security and basic services alike.

An ABC News poll in Afghanistan—the first national survey there sponsored by a news organization—underscores those challenges in a unique portrait of the lives of ordinary Afghans. Poverty is deep, medical care and other basic services lacking and infrastructure minimal. Nearly six in 10 have no electricity in their homes, and just three percent have it around the clock. Seven in 10 Afghan adults have no more than an elementary education; half have no schooling whatsoever. Half have household incomes under $500 a year.



Yet despite these and other deprivations, 77 percent of Afghans say their country is headed in the right direction—compared with 30 percent in the vastly better-off United States. Ninety-one percent prefer the current Afghan government to the Taliban regime, and 87 percent call the U.S.-led overthrow of the Taliban good for their country. Osama bin Laden, for his part, is as unpopular as the Taliban; nine in 10 view him unfavorably.

Progress fuels these views: Despite the country's continued problems, 85 percent of Afghans say living conditions there are better now than they were under the Taliban. Eighty percent cite improved freedom to express political views. And 75 percent say their security from crime and violence has improved as well. After decades of oppression and war, many Afghans see a better life.



More can be done; most say each of these is better, but not "much" better, than under the Taliban. And in a fourth crucial area—jobs and economic opportunity—progress is badly lacking: In this basic building block, just 39 percent see improvement.

In a separate measure, Afghans by nearly 2–1, 64–34 percent, say their own household's financial situation is bad (most Americans, by contrast, say theirs is good). Yet that economic discomfort has not produced political dissatisfaction: Ratings of President Hamid Karzai, the current government and the newly elected parliament are all high.

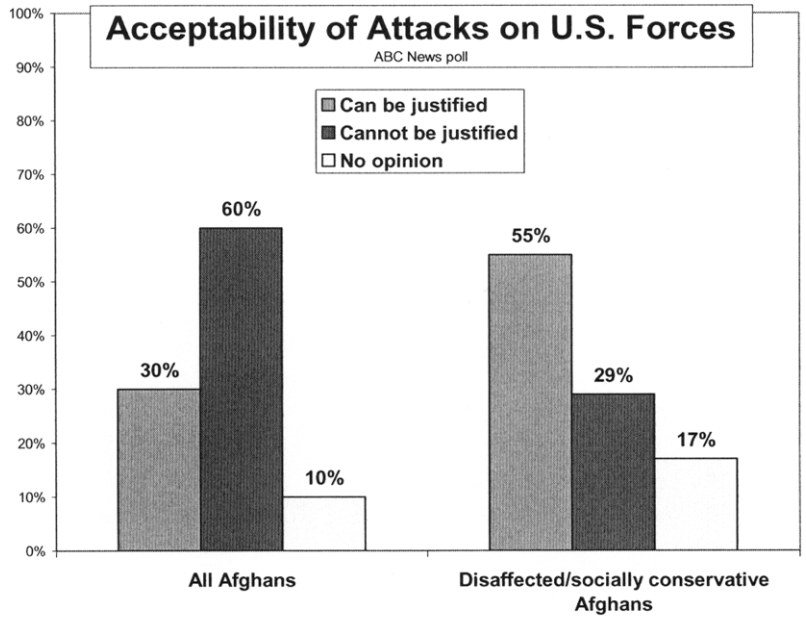
Better hopes for the future are a likely reason. This poll finds broad expectations—expressed by two-thirds of Afghans—that life overall will improve in the year ahead. That optimism, while encouraging, also carries the danger of discontent if those expectations go unmet.

This survey was conducted for ABC News by Charney Research of New York with field work by the Afghan Center for Social and Opinion Research in Kabul. Trained Afghan researchers interviewed a randomly selected sample of 1,039 adults across the country.

CONCERNS—Some results may raise particular concerns. One is that, despite broadly favorable views of the United States, three in 10 Afghans say attacks against U.S. forces can be justified. There are about 18,000 U.S. troops in Afghanistan, with more than 250 killed to date—including nearly twice as many in 2005 as in any previous year.

Acceptability of attacks on U.S. forces spikes among disaffected and socially conservative Afghans, who account for about 15 percent of the population. In this group just 29 percent say such attacks cannot be justified, compared with 60 percent of all Afghans.

At the same time, even among all Afghans, 30 percent say such attacks can be justified. That may reflect social mores in a country where violence is not an uncommon means of settling disputes, and perhaps specific grievances in areas where administrative or legal remedies are lacking.



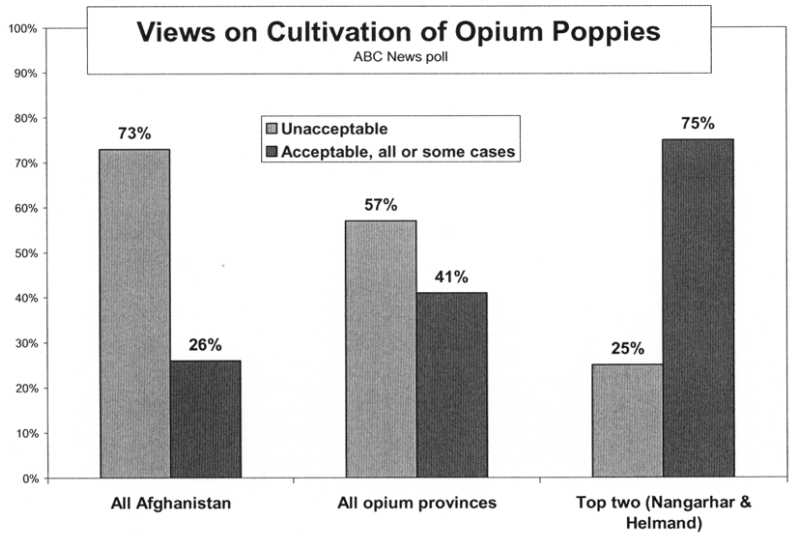
In another result that may give pause, one in four Afghans say there are circumstances in which it's acceptable to grow poppies for opium production, a trade that's soared since the Taliban were ousted. Acceptance of poppy farming—if no alternative source of income is available—reaches 41 percent in the highest opium-producing provinces as identified by the United Nations last year. And acceptability soars in the two provinces that historically have been the country's centers of poppy cultivation, Nangarhar in the East and Helmand in the West. (While cultivation in Nangarhar reportedly is down sharply this year, it appears that attitudes that tolerate it have not followed.)

Many fewer Afghans—just five percent—say poppy cultivation is acceptable in all cases; more say, rather, that it's acceptable only if no alternatives are available. That suggests that the opium trade may be vulnerable, to the extent other income-earning opportunities—such as the cultivation of alternative crops—can be provided in its place. But it won't be easy: The United Nations estimates that one in 10 Afghans is involved in cultivating opium poppies.

GROWING OPIUM POPPIES

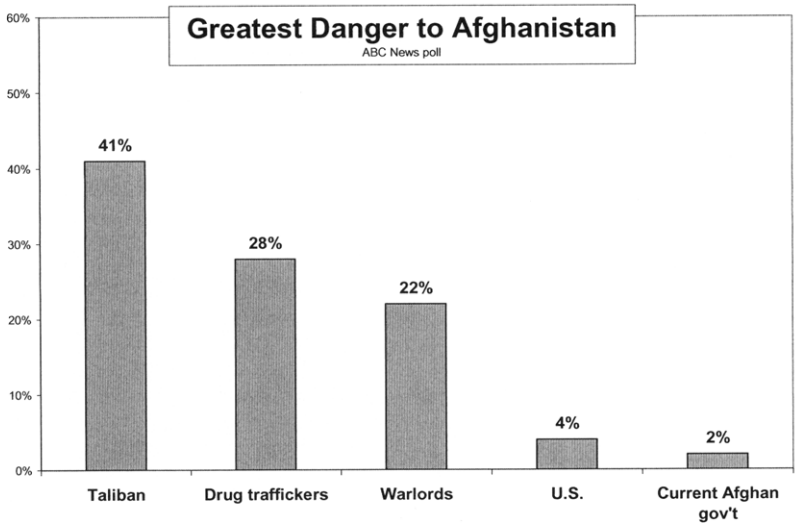
	Acceptable			Not acceptable
	Net	In all cases	If no alternative	
All Afghanistan	26%	5	21	73
Non-opium provinces	19	3	17	79
Opium provinces*	41	9	32	57
Nangarhar & Helmand	75	20	55	25

*Opium poppy >10% of cereal cultivation, per U.N. 2004.



The survey also finds substantial suspicion of cheating in the recent parliamentary elections. Nearly half of Afghans, 46 percent, believe there was vote buying, intimidation of voters or cheating in the vote count in their area. Still, 77 percent are confident nonetheless that the parliament will work for the benefit of the people, although far fewer, 34 percent, are "very" confident that will be the case.

In terms of threats the country faces, most-cited is the Taliban, an insurgent group since it was ousted with the fall of Kandahar on Dec. 7, 2001. Forty-one percent call the Taliban the biggest danger to Afghanistan, 28 percent cite drug traffickers and 22 percent say it's local warlords. (The program to disarm those warlords enjoys vast popular support, detailed below.)



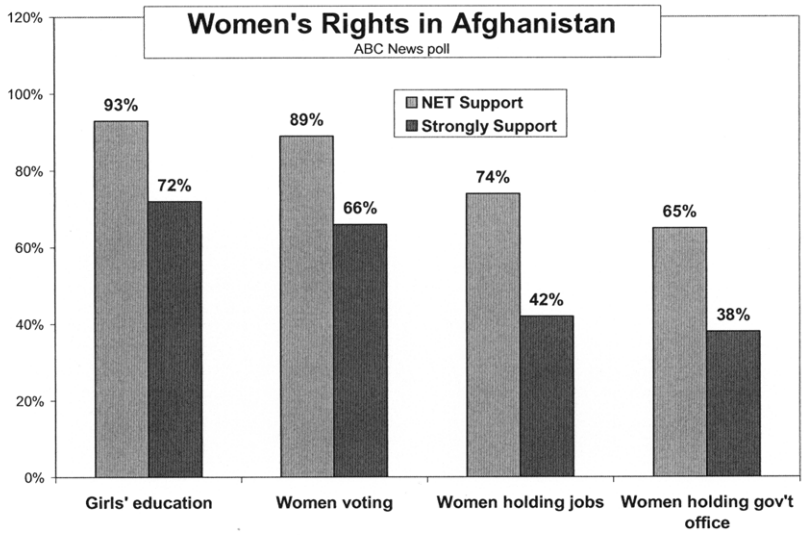
WOMEN—The survey also finds broad majority support for women's rights in Afghan society, albeit, as in other readings, with more modest strength of commitment behind it. Nine in 10 Afghans support girls' education and women voting, three-

quarters support women holding jobs and two-thirds support women holding government office—remarkable in a country where the Taliban so thoroughly repressed such rights. Perhaps surprisingly, support for most of these is nearly as high among men as it is among women.

	Women	Men
Support for:		
Girls' education	93%	92%
Women voting	92	87
Women holding jobs	78	69
Women holding gov't office	71	59

At the same time, while 89 percent of Afghans support women voting, fewer, 66 percent, strongly support this right. And only about four in 10 "strongly" support women taking jobs outside the home or holding government office. Even among Afghan women, fewer than half strongly support women working outside the home or holding government office. Personal experience may be a factor: Just 14 percent of Afghan women are employed, compared with about 60 percent of women in the United States.

There also are ethnic and regional differences, with support for women's rights much lower among Afghanistan's Pashtun population, Sunni Muslims who are dominant in the South and East of the country.



Also, support for women holding political office, in particular, is much weaker in rural as opposed to urban areas, and weakest among rural men.

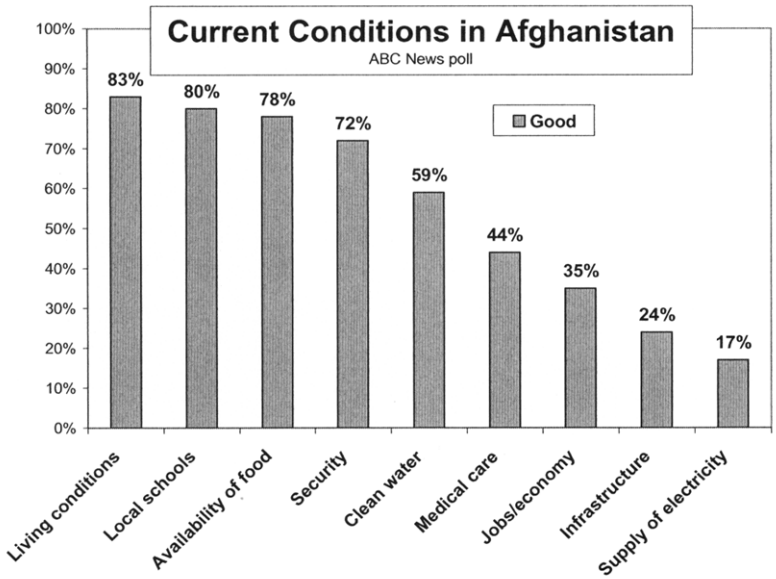
Support for women holding political office:
All—65%
Urban—87%
Rural—59%
Rural men—51%
Rural women—67%

CURRENT CONDITIONS—Afghans give positive reports to several aspects of their daily lives: Eighty-three percent rate their overall living conditions positively, and ratings are nearly as high both for local schools and the availability of food. Just over seven in 10 likewise say their security from crime and violence is good. In each of these, though, far fewer—ranging from just 15 percent to 28 percent—say things are "very" good.

Fewer overall, 59 percent, say clean water is readily available, and other basic conditions—medical care, jobs and economic opportunity, roads and bridges and power supply—are rated far worse.

LOCAL CONDITIONS IN AFGHANISTAN

	Good (net)	Very good
Overall living conditions	83%	15%
Local schools	80	25
Availability of food	78	22
Security from crime/violence	72	28
Availability of clean water	59	18
Medical care	44	12
Jobs/economic opportunity	35	5
Roads, bridges, etc.	24	2
Electricity supply	17	4



There are significant differences in conditions across the country. Security is better in urban areas (of which the largest by far is Kabul, where about one in seven Afghan adults live); 40 percent in urban areas describe their security as "very good," compared with 24 percent in rural areas.

Both security and economic conditions are notably worse in the Southwest and East (where the Taliban have been active) than elsewhere. And services seem weakest in the Northwest, where fewer than two in 10 report having clean water, good medical care or good roads, bridges and other infrastructure. In Kabul, just 18 percent lack any electrical power; that soars to more than two-thirds in the North and East.

SECURITY—Security is especially critical in a country so long wracked by war. When the 77 percent of Afghans who say the country is headed in the right direction are asked in an open-ended question why they feel that way, three related answers dominate: Security, peace or the end of war, and disarmament.

Mentions of freedom, democracy and reconstruction follow; women in particular mention freedom for women, who were repressed under the Taliban regime: Twenty percent of women (compared with four percent of men) cite freedom for women as a reason they say the country's going in the right direction.

Why is the country going in the right direction?

[Multiple answers accepted]

	In percent
Security	34
Peace/end of war	31
Disarmament	27
Freedom/free speech	17
Democracy/elections	15
Reconstruction/rebuilding	15

Similarly, when asked the single most important priority for the country, 40 percent of Afghans say security from crime and violence remains paramount. That's followed fairly closely by creating jobs and economic opportunities, then much more distantly by the need for infrastructure improvements. When first- and second-highest priorities are combined, however, these rank about evenly. There's much to do.

	First priority	first and second priorities
Security from crime/violence	40%	45%
Economic opportunities	31	49
Improving infrastructure	14	45

Another expression of the importance of security comes in support for the country's "DDR"—disarmament, demobilization and reintegration—program. Largely Japanese-funded, the program is said to have disarmed 70,000 fighters under local warlords, offering them vocational training in exchange for their weapons. Not only do 95 percent of Afghans support the program, but 72 percent "strongly" support it, by far the highest level of strong support for any program, individual or entity measured in this survey.

VIEWS OF THE U.S.—Eighty-three percent of Afghans express a favorable opinion of the United States overall, similar to the 87 percent who call the U.S.-led overthrow of the Taliban a good thing. That compares to favorable ratings of a mere eight percent for the Taliban, and five percent for bin Laden. People who are unhappy with their local living conditions are twice as likely to have an unfavorable opinion of the United States.

Support for the United States is less than full-throated. Far fewer, 24 percent, regard it "very" favorably. And while 68 percent rate the work of the United States in Afghanistan positively, that's well below the ratings given to Karzai, the United Nations or the present Afghan government (83, 82 and 80 percent positive, respectively).

Still, an 83 percent favorable rating for the United States, and a 68 percent positive work performance rating, are remarkable—in sharp contrast to negative views of the United States in many other Muslim nations. (Another contrast is Karzai's job rating—83 percent positive—compared with George W. Bush's in the United States, where just 39 percent of Americans approved in the last ABC News/Washington Post poll.)

	Ex./Good Net	Excellent	Good
Rate the work of:			
Hamid Karzai as president	83%	45%	38%
The United Nations in Afghanistan	82	33	49
The Afghan government	80	27	53
The United States in Afghanistan	68	20	48

Given the Afghan public's security concerns—and distaste for the Taliban—there is little demand for prompt U.S. withdrawal from Afghanistan. Just eight percent say the United States should leave now, and only another six percent say it should withdraw within the next year. The most common answer by far: Sixty-five percent say U.S. forces should leave Afghanistan "only after security is restored."

SHIITE/SUNNI—Notable in this survey is the similarity of views between Sunni and Shiite Muslims, the two doctrinal groups so sharply at odds in Iraq. As in most of the Arab world, Sunnis dominate in Afghanistan—85 percent of the population is Sunni (including nearly all members of the Pashtun and Tajik ethnic groups) while 15 percent is Shiite (including nearly all ethnic Hazaras).

There are differences: Thirty-two percent of Sunnis say attacks on U.S. forces can be justified, compared with 19 percent of the Shiite minority. And 51 percent of Shi-

ites describe the Taliban (a Sunni group) as the biggest danger facing the country, compared with a (still high) 39 percent of Sunnis.

But few Sunnis or Shiites alike view the Taliban favorably (nine percent and six percent, respectively). Their ratings on improved conditions are similar, as are their expectations for the future and their views on Karzai, the current Afghan government, the United Nations, the United States, the "DDR" disarmament program and women's rights.

WORK and POSSESSIONS—A simple accounting of household possessions tells volumes about life in Afghanistan. Barely one in 10 households has a refrigerator or a car. Three in 10 have a mobile phone; almost no one has a landline telephone. Nearly everyone has a radio, but barely four in 10 have a TV. About half own a work animal.

	In percent
Household possessions:	
Radio	95
Bicycle	63
Work animal	47
TV	43
Mobile phone	31
Motorbike	26
Car	12
Refrigerator	11
Satellite dish	9
Landline phone	1

Farming is the main occupation; nearly a third of working Afghans are farmers or farm laborers. As befits the low levels of education, illiteracy is high, 42 percent.

The population is largely rural, with 79 percent of Afghans residing in small villages. And it's a young country, with a median age (calculated among adults only) of 32 years, compared with 44 in the United States.

METHODOLOGY—This survey was conducted for ABC News by Charney Research of New York, with field work by the Afghan Center for Social and Opinion Research in Kabul. Interviews were conducted in person, in Dari or Pashto, among a random national sample of 1,039 Afghan adults from Oct. 8–18, 2005. Sampling points were selected at random in 31 of Afghanistan's 34 provinces, with households selected by random route/random interval. The results have a 3.5-point error margin. Details of the survey methodology are available upon request.

[The full results of the ABC News poll can be found at http://abcnews.go.com/US/PollVault/.]