

STRATEGIC OBJECTIVE #1: ACHIEVE PEACE AND SECURITY

STRATEGIC GOAL 5: INTERNATIONAL CRIME AND DRUGS

Minimize the impact of international crime and illegal drugs on the United States and its citizens

I. Public Benefit

Americans face growing security threats, both at home and abroad, from international terrorist networks and their allies in the illegal drug trade and international criminal enterprises. Illegal drugs impose a staggering toll, killing more than 19,000 Americans annually and costing more than \$160 billion in terms of law enforcement, drug-related health care, and lost productivity. This is in addition to the wasted lives, the devastating impact on families, schools, and communities, and the generally corrosive effect on public institutions.



A man detained in connection with a ton of confiscated marijuana, cocaine and heroin sits behind a police line in Panama City, Panama, August 2005.

AP/Wide World Photo

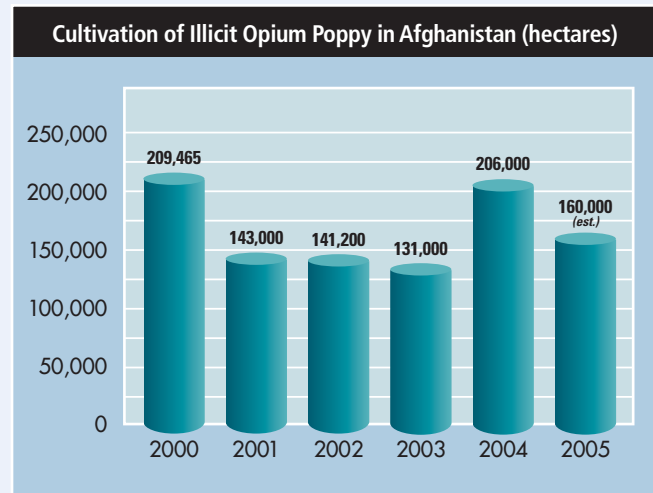
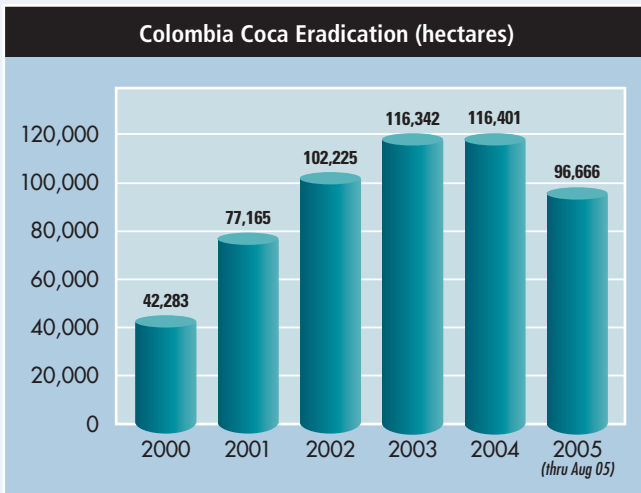
International crime groups also pose critical threats to U.S. interests, undermine the rule of law and enable transnational threats to grow. International trafficking in persons, smuggling of migrants and contraband, money laundering, cyber crime, theft of intellectual property rights, vehicle theft, public corruption, environmental crimes, and trafficking in small arms cost U.S. taxpayers and businesses billions of dollars each year. International trafficking in persons violates fundamental human rights of victims. Experts estimate that non-drug crime accounts for half of the estimated \$1.8 trillion of money laundered each year globally.

The events of 9/11 and their aftermath highlighted the close connections and overlap among international terrorists, drug traffickers, and transnational criminals. All three groups seek out weak states with feeble judicial systems, whose governments they can corrupt or even dominate. Such groups jeopardize peace and freedom, undermine the rule of law, menace local and regional stability, and threaten the U.S. and its friends and allies.

To meet these challenges, the Department supports a robust and comprehensive range of public-private, bilateral, regional, and global initiatives and assistance programs to build up the law enforcement capabilities of foreign governments to help stop these threats before they reach U.S. soil. The Department works with other U.S. Government agencies and foreign governments to break up drug trafficking and other international crime groups, disrupt their operations, arrest and imprison their leaders, and seize their assets. It also provides small farmers in drug producing areas in the Andean ridge, Afghanistan, and Southeast Asia the means to

abandon illicit crop production permanently by developing viable economic alternatives and improving social conditions of farm families. The Department works with foreign governments to set international anti-crime standards, close off safe-havens to criminal groups, pool skills and resources, and improve cross-border cooperation. Finally, to help strengthen law enforcement in key countries and areas emerging from a state of violent conflict, the Department also provides American civilian police and other justice sector experts to UN, regional, or other peacekeeping operations to establish or rebuild democratic and professional police forces and rule of law in those areas.

II. Selected Performance Trends



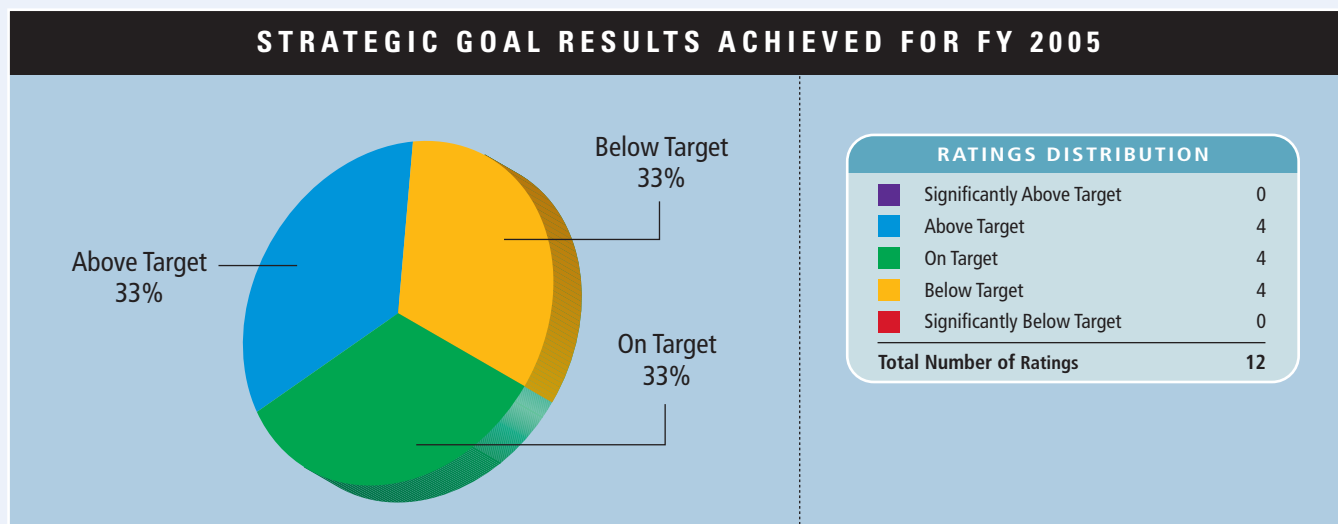
III. Strategic Context

This strategic goal is supported by two performance goals. Shown below are the major initiatives/programs, resources, bureaus, and partners that contribute to accomplishment of the strategic goal. Acronyms are defined in the glossary at the back of this publication.

Strategic Goal	Performance Goal (Short Title)	Initiative/Program	Major Resources	Lead Bureau(s)	External Partners
International Crime and Drugs	Disruption of Criminal Organizations	Andean Counterdrug Initiative	D&CP, ACI, CIO, DA	INL, WHA	DOD, USAID, DEA, DOJ, ONDCP, CNC
		Improve Anti-Trafficking in Persons Prosecutorial and Protection Capacities	D&CP INCLE, ESF, FSA, SEED, CIO, MRA, DA	G/TIP	DOJ, DOL, USAID, DHS, UN, IOM, ILO, Asia Foundation, OAS, OSCE, Stability Pact, SECI, ASEAN, ECOWAS, SADC
		Mexico	D&CP, INCLE	INL, WHA	DOJ, DEA, DHS, ONDCP, CNC
	Law Enforcement and Judicial Systems	Support Investigations of Major International Criminals	D&CP, INCLE, ACI, ESF, SEED, FSA	L, INL, IO	DOJ, DHS, UN
		International Law Enforcement Academies (ILEAs)	D&CP, INCLE, SEED, FSA, CIO	INL	DOJ, DHS, Treasury
		Anticorruption	D&CP, INCLE, ACI, ESF, SEED, FSA	INL, L	DOJ, UN, USAID, OGC, DOC
		Money Laundering Initiative	D&CP, INCLE, ACI, SEED, FSA, ESF, NADR	L, INL, S/CT	Treasury, FATF, UN, G-8, DOJ, DHS

IV. Performance Summary

The chart below shows the performance rating distribution of the FY 2005 results for the International Crime and Drugs strategic goal.



V. Performance Analysis

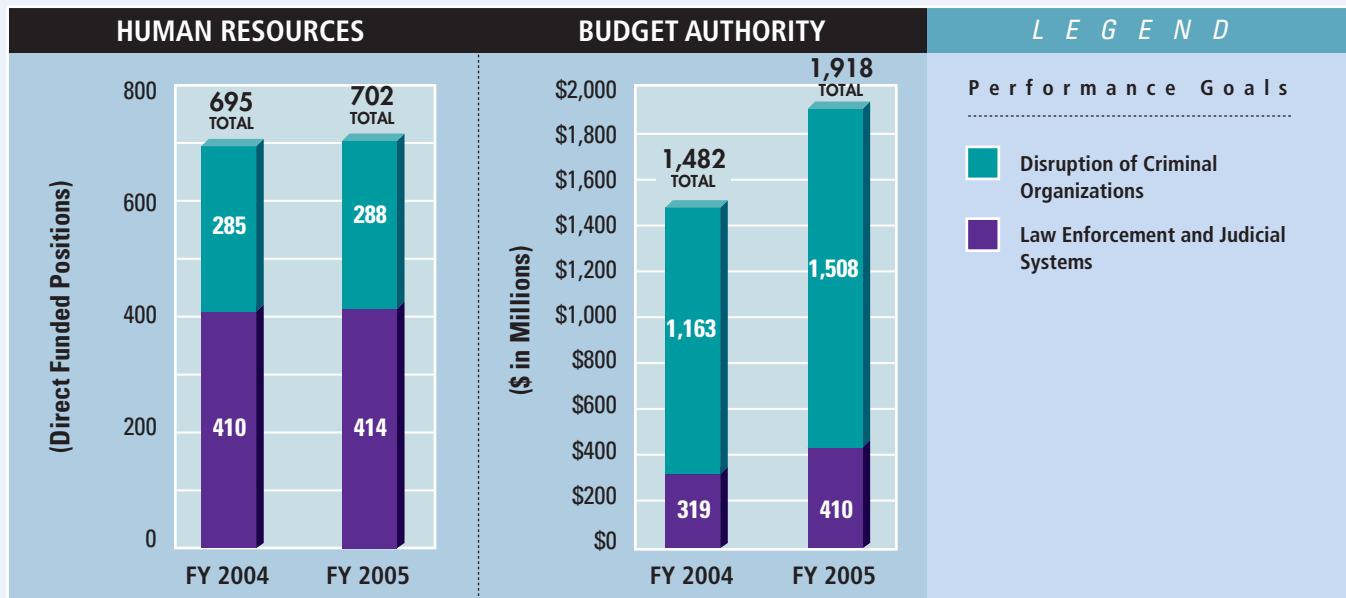
PERFORMANCE TRENDS. There are two trends in the Department’s efforts to fight international crime and drugs. First, law enforcement training and anticorruption activities operate somewhat effectively both at the output level (e.g., the number of officials trained at International Law Enforcement Academies), and at the outcome level (greater professionalization of the Mexican justice system, for example). Second, returns from supply-side counterdrug measures are diminishing. Indicators for both cultivation and production of illicit drugs suggest that, perhaps due to U.S. and host country successes in eradicating drug crops, criminals have found new ways to circumvent aerial spraying and other methods. However, the Department’s efforts contributed to the reduction of opium poppy cultivation in Afghanistan.

OUTCOME-LEVEL RESULTS. The Department made progress toward improving the capacity of foreign law enforcement agencies to respond to international crime. Increased training and pay for foreign officers as well as greater cooperation with the U.S. through international anticorruption and anti-crime agreements contributed to this outcome. Programs in these areas performed at or above target in FY 2005.

RESULTS SIGNIFICANTLY ABOVE OR BELOW TARGET. Although no results were rated significantly above or below target, the Department undoubtedly faces challenges in combating the illicit drug production in South America. The Department must continue to work in close partnership with host governments, other U.S. Government agencies, and international organizations.

RESOURCES INVESTED. The Department continued to invest in the battle against international crime and drugs in FY 2005. In particular, funding for International Narcotics Control and Law Enforcement (INCLE) increased from approximately \$460 million in FY 2004 to \$946 million in FY 2005.

VI. Resources Invested



VII. Performance Results

PERFORMANCE GOAL 1

INTERNATIONAL TRAFFICKING IN DRUGS, PERSONS, AND OTHER ILLICIT GOODS DISRUPTED
AND CRIMINAL ORGANIZATIONS DISMANTLED

INITIATIVE/PROGRAM (I/P) #1: ANDEAN COUNTERDRUG INITIATIVE (PART PROGRAM)

Indicator #1: Foreign Cultivation of Coca in Hectares

JUSTIFICATION (VALIDATION): The best indicator for measuring the efforts to reduce the flow of cocaine to the U.S. is the number of hectares of coca under cultivation and the estimated gross production.

FY 2005 PERFORMANCE	Target	Total Coca: 132,000. Colombia: 75,000. Peru 32,500. Bolivia: 25,000 ¹ .
	Results	Aerial herbicidal spray operations have been stepped up and are well above the 2004 rate; 122,000 hectares had been sprayed for the first half of calendar year 2005 versus 130,000 for the entire (calendar) year of 2004. At this point, data is pending; however, based on the limited amount of reporting received at this time, it is unlikely that the targets for lower coca cultivation will be met.
	Rating	■ Below Target
	Impact	If final results indicate lessened effectiveness of coca eradication, the impact could be a greater supply of cocaine production.
	Reason for Shortfall	Recent successes may be driving coca cultivation into places where it is more difficult to detect, such as deeper into the jungle. Higher-yielding and herbicide-resistant varieties of coca may also be emerging.
	Steps to Improve	Eradication efforts may focus on manual removal of coca plants. Pacification efforts are crucial to this process, since elimination teams would need access to farms, most of which are in guerilla or paramilitary-occupied territories.
PERFORMANCE DATA	Data Source	The CIA's Crime and Narcotics Center.
	Data Quality (Verification)	The Crime and Narcotics Center uses verification on the ground and high-resolution aerial photography to confirm low-resolution satellite imagery.
PAST PERFORMANCE	2004	114,100 hectares.
	2003	Total: 171,200 Colombia: 113,850 Peru: 31,350 Bolivia: 28,000 (Includes 12,000 hectares of legal coca).
	2002	205,450 hectares.

¹ Includes 12,000 hectares of legal coca.

**I/P #1: ANDEAN COUNTERDRUG INITIATIVE (continued)
(PART PROGRAM)**

Indicator #2: Potential Production of Cocaine and Heroin in Key Source Countries (in Metric Tons)

JUSTIFICATION (VALIDATION): Production estimates offer a refinement over cultivation levels because the former take into account differences in plants yield and processing methods, which can vary by region and country. The Department uses both indicators together to present a clear picture of actual circumstances.

FY 2005 PERFORMANCE	Target	Cocaine: 537.
	Results	<ol style="list-style-type: none"> Cocaine: Potential production estimates are based on cultivation estimates. Initial reports suggest that targets for reduced cultivation might not be achieved, in which case the potential production target will not likely be met. Preliminary estimates indicate that opium poppy cultivation and heroin production in Southeast Asia continue their multi-year decline. UN estimates for Afghanistan (the source of approximately 85% of the world's illicit heroin) indicate a 21% decline in cultivation but a much smaller decline in heroin production.
	Rating	■ Below Target
	Impact	If final results indicate that the targets have not been met, the impact could be a greater supply of illegal drugs and a potential need for law enforcement efforts to interdict these substances.
	Reason for Shortfall	Reduced effectiveness in curtailing cultivation has provided more raw material for cocaine production.
	Steps to Improve	Improve efforts to reduce cultivation of opium and coca.
PERFORMANCE DATA	Data Source	CIA Crime and Narcotics Center provides the estimates.
	Data Quality (Verification)	The Crime and Narcotics Center uses the same methodology and modeling each year, which allows for year-to-year and long-term comparisons.
PAST PERFORMANCE	2004	<ol style="list-style-type: none"> Cocaine: 640. Heroin: 615.
	2003	<ol style="list-style-type: none"> Cocaine: 655. Heroin: 407.
	2002	<ol style="list-style-type: none"> Cocaine: 800. Heroin: 230.

**I/P #1: ANDEAN COUNTERDRUG INITIATIVE (continued)
(PART PROGRAM)**

Indicator #3: Seizures of Cocaine, Measured in Metric Tons, from Bolivia, Colombia, Ecuador, and Peru

JUSTIFICATION (VALIDATION): Statistics on seizures complement estimates on cultivation and production. They are an indication of law enforcement effectiveness but much less reliable as a snapshot of drug trafficking.

FY 2005 PERFORMANCE	Target	125 metric tons.
	Results	Based on preliminary reporting, seizures are running ahead of the 2004 record year and are up significantly in some countries, such as Ecuador. Final data will be available in February 2006.
	Rating	■ Above Target
	Impact	The increased number of seizures in some ways compensates for higher cultivation and production rates of cocaine. The net effect is to restrict supply of cocaine available for trafficking to the U.S.
PERFORMANCE DATA	Data Source	Data provided by host governments.
	Data Quality (Verification)	Numbers should be considered approximations. Quality varies by country and by the domestic law enforcement agencies involved. Potential problems include omissions, double counting (local seizures counted at both the local and national level), and definitional problems (lumping together seizures of cocaine base with fully processed cocaine or failure to distinguish between pure cocaine and export/lower quality cocaine). The Drug Enforcement Agency can verify some but not all numbers.
PAST PERFORMANCE	2004	Total seized: 199 metric tons. Estimated Production: 660 metric tons. Seizure Rate: 30% of total net production.
	2003	161 metric tons seized of 665 metric tons estimated production. Seizure rate: 24% of total net production.
	2002	Baseline: 21% of total net production seized.



DEPARTMENT OF STATE AIR WING
COCA-GROWING REGIONS SPRAYED

Updated through 31 August 2005



DEPARTMENT OF STATE AIR WING
OPIUM-GROWING REGIONS SPRAYED

Updated through 31 August 2005



I/P #2: GLOBAL POPPY CULTIVATION

Indicator #4: Cultivation of Illicit Opium Poppy in Hectares in Afghanistan

JUSTIFICATION (VALIDATION): The level of cultivation is the single best indicator of poppy and therefore heroin production. It has the added advantage of pinpointing poppy-growing areas so they can be targeted for eradication and other counter narcotics programs.

FY 2005 PERFORMANCE	Target	190,000 (Revised. See Appendix for explanation).
	Results	UN figures, which were released in September, indicated a 21% drop in opium poppy cultivation over the UN estimates for 2004. This suggests a cultivation level below the FY 2005 target, possibly 160,000 hectares. Final figures will be available December 2005.
	Rating	■ Above Target
	Impact	Lower cultivation of illicit opium will result in less indigenous opium poppy available for heroin production inside Afghanistan.
PERFORMANCE DATA	Data Source	CIA Crime and Narcotics Center.
	Data Quality (Verification)	The Crime and Narcotics Center uses verification on the ground and high-resolution aerial photography to confirm low-resolution satellite imagery.
PAST PERFORMANCE	2004	Funding was received late in 2004 (April); eradication teams deployed but due to late deployment and early spring, most poppy was harvested before it could be eradicated. Poppy cultivation expanded 239% over the previous year, reaching a level of 206,000 hectares under cultivation.
	2003	Baseline: 30,750 hectares under cultivation. Planting resumed in the fall of 2001 during Operation Enduring Freedom and the collapse of the Taliban regime. In 2002, Afghanistan resumed its position as the world's largest producer of opium and heroin.
	2002	141,200.



Two Afghan street children walk past an opium poppy sign in the center of Kabul, Afghanistan.

AP/Wide World Photo

I/P #3: IMPROVE ANTI-TRAFFICKING PROSECUTORIAL AND PROTECTION CAPACITIES

Indicator #5: Number of Countries Strengthening and Enforcing Anti-Trafficking Laws

JUSTIFICATION (VALIDATION): Strengthened laws containing strong penalties against traffickers and protections for victims indicate concrete efforts to combat traffickers and assist victims.

FY 2005 PERFORMANCE	Target	<ol style="list-style-type: none"> Number of countries in Tiers 2 and 3 improve their anti-trafficking record and move up one tier, including three moving up to Tier 1 in the 2005 Trafficking in Persons (TIP) Report. Tier rating target <ul style="list-style-type: none"> Tier 1 (Countries whose governments fully comply with the minimum standards of the Trafficking Victims Protection Act): 34 Tier 2 (Countries whose governments do not fully comply with the Act's minimum standards but are making significant efforts to bring themselves into compliance): 85 Tier 3 (Countries whose governments do not fully comply with the minimum standards and are not making significant efforts to do so): 10 The number of prosecutions against traffickers increases worldwide as a result of better information collection, improved laws and U.S. Government assistance.
	Results	<ol style="list-style-type: none"> Tier 1: 24. Tier 2: 77. Tier 2 Watchlist (Tier 2 countries that have a significant number of victims in severe forms of trafficking or fail to provide evidence of increasing efforts to combat severe forms of trafficking from the previous years or commit to take additional steps over the next year): 27. Tier 3: 14. Upward shift of countries on the tier ladder with 31 of the 42 Tier 2 Watchlist countries moving to Tier 2 in 2005. Global law enforcement data shows that convictions are slightly increased, but prosecutions have decreased.
	Rating	■ Below Target
	Impact	The Department's increased engagement and scrutiny of countries' anti-trafficking efforts has led to greater efforts by the governments themselves to take action against human trafficking. Worldwide, the number of trafficking related convictions has increased over 3,000. And new anti-human trafficking legislation was approved in 39 countries.
	Reason for Shortfall	<p>Over the past year, the Department witnessed a stronger response from many governments, more public awareness campaigns alerting victims to protection services, and greater transparency in anti-trafficking efforts. As a result of these positive actions, the Department was able to collect better data on more countries through enhanced embassy reporting, increased reporting by non-governmental organizations, and visits by U.S. officials to gather and verify information. Better data collection has led to better evaluation methods, which is the reason that some countries rank higher or lower in the Report.</p> <p>In the 2005 TIP Report, trafficking through labor exploitation received greater attention. This greater emphasis came as a result of better data obtained from source countries and non-governmental organizations. Four countries were placed on Tier 3 primarily because of their failure to make significant efforts to combat forced labor trafficking: Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates. The Department intends to include all countries with a significant number of trafficking victims in future reports, as more and better information becomes available.</p>
	Steps to Improve	The U.S. is deeply committed to fulfilling its responsibilities in the fight against trafficking in persons. The Department of State's Trafficking in Persons office has contributed funding abroad for all kinds of anti-trafficking programs, specifically targeting countries with weaker anti-trafficking efforts. The Department hopes such programs will improve countries' efforts and that these efforts will result in improved tier rankings. This report is a diplomatic tool for the U.S. Government to use as an instrument for continued dialogue, encouragement for the actions of some governments, and as a guide to help focus resources on prosecution, protection, and prevention programs and policies. After the release of this year's TIP Report, as in past years, the Department will continue to engage governments about the content of the report to strengthen cooperative efforts to eradicate trafficking. In the coming year, the Department will use the information gathered in the compilation of this report to more effectively target assistance programs and to work with countries that need help in combating trafficking. The Department hopes the report will be a catalyst for government and non-government efforts to combat trafficking in persons around the world.
PERFORMANCE DATA	Data Source	2004 Trafficking in Persons Report. UN Trafficking in Persons Protocol website.
	Data Quality (Verification)	Presently, some data is difficult to verify and also hard to collect due to the underground, illegal, and organized nature of trafficking in persons.

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I/P #3: IMPROVE ANTI-TRAFFICKING PROSECUTORIAL AND PROTECTION CAPACITIES (continued)

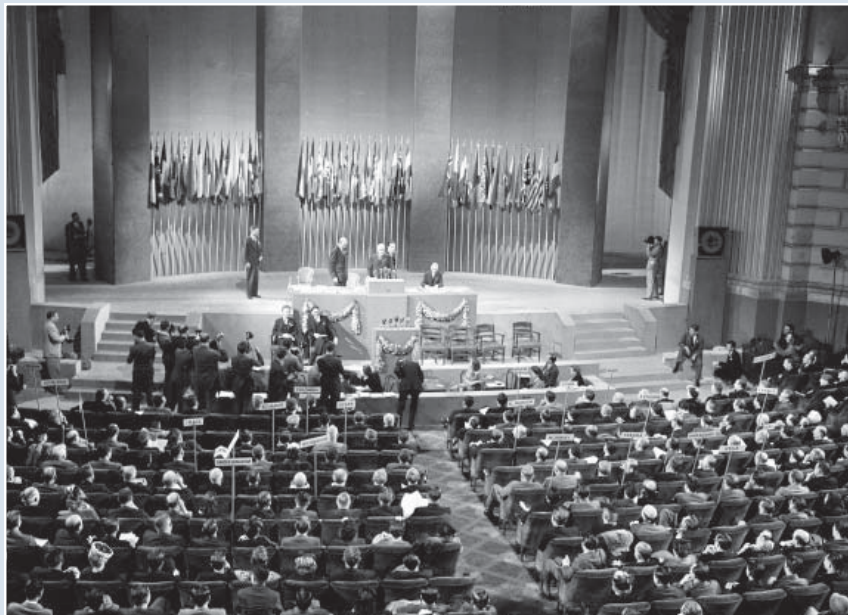
Indicator #5: (continued)

PAST PERFORMANCE	2004	<p>1. Increased number of countries in Tier 1 by five, bringing total to 31 countries. Tier rating targets for 2004 TIP Report:</p> <ul style="list-style-type: none"> ● Tier 1: 31 ● Tier 2: 80 ● Tier 3: 12 <p>2. Thirty additional countries ratified UN Trafficking in Persons Protocol, which entered into force.</p>
	2003	<p>1. Results 2003</p> <ul style="list-style-type: none"> ● Tier 1: 26 ● Tier 2: 75 ● Tier 3: 15 <p>2. Forty-two percent of Tier 2 and Tier 3 countries use Department assistance to develop or further anti-trafficking initiatives.</p> <p>3. Third TIP Report was issued and includes 26 additional countries for a total of 116.</p> <p>4. Promoted "best practices" through five new bilateral and regional initiatives among source, transit, and destination countries.</p> <p>5. Forty-two countries ratified UN Trafficking in Persons Protocol, which entered into force.</p>
	2002	<p>1. The President's Interagency Taskforce and Senior Policy Advisory Group coordinated anti-trafficking policy.</p> <p>2. Second <i>Trafficking in Persons</i> Report was issued.</p> <p>3. Ratification package for UN Trafficking in Persons Protocol was sent to the Senate.</p>

A Look to History: International Crime and Drugs

Since the inception of the United Nations in 1945, the United States has vigorously supported international initiatives to control drug trafficking and abuse. Beginning with the Truman and Eisenhower administrations, the United States has taken an active role in the UN's Commission on Narcotic Drugs, the UN Fund for Drug Abuse Control, and in the negotiation of several key drug control treaties.

United Nations Conference delegates unanimously adopt the United Nations Charter in San Francisco, California, June 26, 1945. AP Photo



I/P #4: MEXICO		
Indicator #6: Capacity to Identify Illicit Goods Through Use of High-Tech Equipment		
JUSTIFICATION (VALIDATION): This performance indicator is central to bilateral efforts to stop the entry of explosives, weapons, drugs and terrorists that could harm the United States, while facilitating the cross-border movement of goods, services and visitors.		
FY 2005 PERFORMANCE	Target	VACIS (a form of high-technology screening equipment) installed at five additional northern crossing points (for a total of ten) and two southern crossing points; Non-intrusive inspection equipment (including VACIS or other equipment) installed at three other key locations yet to be determined.
	Results	Department ordered seven additional portable VACIS units in 2005 for placement along Mexico's northern border. All seven new units will become operational in FY 2006. Their presence will be part of 12 U.S. Government-provided Portal VACIS machines at eight Mexican northern crossing points. The Government of Mexico decided in mid FY 2005 to postpone the placement of a VACIS unit at two southern crossing points and instead to install them along its northern border with the other five new VACIS. Operating singly, in pairs, or even as three-unit mobile squadrons, these units can conduct surprise spot-checks along internal routes in border areas.
	Rating	 Below Target
	Impact	Delays in procuring VACIS equipment have delayed implementation of technological aides to prevent smuggling. When installed, VACIS will be able to detect trafficking of contraband and humans. Similar, rail-based and pallet VACIS units installed in FY 2005 have worked well; on the first day of operations, these units detected ten illegal aliens attempting to enter the United States in a freight car. Soon after beginning operations, another unit VACIS played a key role in detecting over 7.8 million dollars in drug proceeds smuggled through Mexico.
	Reason for Shortfall	The Department's Bureau of International Law Enforcement received funds late in the year, delaying procurement of the machines.
	Steps to Improve	Equipment is scheduled to be installed in FY 2006.
PERFORMANCE DATA	Data Source	Data from the Narcotics Affairs Section of the U.S. embassy in Mexico City, and the Government of Mexico.
	Data Quality (Verification)	The Narcotics Affairs Section procures the equipment and, working with Mexican authorities, oversees installation, training, and testing.
PAST PERFORMANCE	2004	<ol style="list-style-type: none"> 1. Portal VACIS installed in FY 2003 became commercially operational. Four additional Portal VACIS, one Rail and one Pallet VACIS delivered to Mexico. 2. Non-intrusive inspection equipment x-ray vans located one each at three Mexican international airports.
	2003	VACIS installed at one crossing point.
	2002	<ol style="list-style-type: none"> 1. No border checkpoints equipped with VACIS high-tech screening equipment. 2. Planning initiated to establish border enhancement program based on the Border Accord.



Secretary Rice, introduces John R. Miller, the Secretary's senior advisor on human trafficking, left, during a press conference to discuss the State Department's fifth annual "Trafficking in Persons" report, June, 2005 in Washington. AP/Wide World

I/P #4: MEXICO (continued)

Indicator #7: Professionalization of justice sector

JUSTIFICATION (VALIDATION): Professionalization of justice sector through institution building demonstrates commitment to professionalization on the part of the Mexican Government.

FY 2005 PERFORMANCE	Target	<ol style="list-style-type: none"> 1. Government of Mexico fully staffs new federal law enforcement agencies, providing all basic training via national academies. 2. Increase in capacity of Mexican Government academies to provide advanced law enforcement training; continued increase in pay scales. 3. Increase in money laundering prosecution/convictions and asset forfeitures.
	Results	<ol style="list-style-type: none"> 1. Federal Law Enforcement training continues to be a priority for the Mexican Government. The Mexican Office of Attorney General and its Forensic Laboratory continue to not only receive basic training, but also specialized training in targeted crime areas such as homicide, kidnapping, and other violent crimes. Additionally the training includes information technology training so that the Mexican Government can leverage the investments made for sophisticated database analytical and case management information systems. Training was provided to 2,809 local, state, and federal law enforcement personnel throughout Mexico. 2. The Mexican Government is making every effort to increase law enforcement and prosecutors' pay scales in an effort to retain trained professionals. Salary increases continue each year. 3. Money Laundering prosecutions and an increase in the awareness of the effectiveness of asset forfeiture laws has been significant.
	Rating	■ On Target
	Impact	Training and salary improvements will assist the Mexican Government in its overall goals to improve the performance of the Mexican justice system and prevent corruption.
PERFORMANCE DATA	Data Source	Data provided by U.S. Embassy in Mexico, as well as from published reporting by the Mexican Government, specifically the Mexican Attorney General's Office.
	Data Quality (Verification)	Data is compiled by the U.S. Embassy as part of the Department's Professionalization and Training Program and Money Laundering Programs for Mexico and cross-referenced against multiple sources.
PAST PERFORMANCE	2004	<ol style="list-style-type: none"> 1. Results were positive as the Mexican Attorney General's Office increased the instructional staff at its police training facility by 20 certified police instructors and continued to offer specialized training to Forensic Laboratory personnel through the Criminal Investigations School, with 425 candidates receiving Basic Recruit Training. Additionally, 842 Investigators have studied at the specialized Criminal Investigations School since its inception in 2003. Department-sponsored training was provided to 3,752 local, state, and federal law enforcement officers throughout Mexico, with the majority of the students coming from the investigative staffs. 2. The training of the Mexican Attorney General's information system engineers included some 150 information engineers in communication systems and large, enterprise, web-based database systems. 3. Salaries for Federal Investigations Agency investigative personnel continue to rise and a pay raise will be granted in 2005. 4. Money Laundering prosecutions and convictions continue to receive priority handling by both the Mexican Department of Treasury and the Mexican Attorney General's Office. The training provided by the Embassy focused on operational aspects for investigations, forensic accounting, and use of suspicious transactions for leads on money laundering cases.
	2003	<ol style="list-style-type: none"> 1. Mexico's federal law enforcement academy graduated 979 students in 2003. 2. Improved pay for special federal investigative units.
	2002	<ol style="list-style-type: none"> 1. Background checks routinely conducted on new personnel – beginning to recheck or re-vet current personnel. 2. Improved pay for special federal investigative units. 3. New Federal Investigations Agency established. 4. Narcotics police force disbanded following evidence of widespread corruption.

PERFORMANCE GOAL 2

STATES COOPERATE INTERNATIONALLY TO SET AND IMPLEMENT ANTI-DRUG AND ANTI-CRIME STANDARDS, SHARE FINANCIAL AND POLITICAL BURDENS, AND CLOSE OFF SAFE HAVENS THROUGH JUSTICE SYSTEMS AND RELATED INSTITUTION BUILDING

I/P #5: SUPPORT INVESTIGATION/PROSECUTION OF MAJOR INTERNATIONAL CRIMINALS

Indicator #1: Status of UN Convention Against Transnational Organized Crime and Supplemental Protocols (e.g., Trafficking in Persons Protocol and the Migrant Smuggling Protocol)

JUSTIFICATION (VALIDATION): The setting of international norms and standards is a critical component of international cooperation in combating international crime. Parties to the convention are legally obligated to abide by its provisions.

FY 2005 PERFORMANCE	Target	<ol style="list-style-type: none"> Ten additional states become party to the Convention. Ten additional states ratify the Supplementary Protocols on Trafficking in Persons and Migrant Smuggling.
	Results	<ol style="list-style-type: none"> Seventeen additional states became party to the Convention in FY 2005. Eighteen additional states ratified the Supplementary Protocol on Trafficking in Persons. Seventeen additional states ratified the Supplementary Protocol on Migrant Smuggling.
	Rating	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #0070C0; margin-right: 5px;"></div> Above Target </div>
	Impact	Parties that became party to the Convention and supplementary protocols are legally obligated to implement their provisions, including cooperating with other states to combat transnational organized crime.
PERFORMANCE DATA	Data Source	United Nations.
	Data Quality (Verification)	UN is the primary record holder for UN conventions and associated protocols.
PAST PERFORMANCE	2004	First Conference of Parties took place in June –July 2004. Thirty-four states ratified in FY 2004.
	2003	<ol style="list-style-type: none"> Fifty-six states have ratified the UN Convention; Forty-five states have ratified the Trafficking in Persons Protocol; both have entered into force. Forty states have ratified the Migrant Smuggling Protocol.
	2002	<ol style="list-style-type: none"> A total of 141 states signed the UN Convention, of which twenty-four have ratified it. Of the 107 states that have signed the Trafficking in Persons Protocol, fourteen have ratified it. Of the 103 states that have signed the Migrant Smuggling Protocol, thirteen have ratified it. Of the thirty-five states that have signed the firearms protocol, two have ratified it.




Peruvian President Alejandro Toledo, center, shakes hands with United Nations Under Secretary of Legal Affairs Nicolas Michel, right, as Peruvian Foreign Minister Manuel Rodriguez looks on during a November, 2004 ceremony at the UN headquarters in honor of Peru's agreement to join the UN convention against corruption. AP/Wide World Photo

I/P #5: INTERNATIONAL LAW ENFORCEMENT ACADEMIES (ILEAS)

Indicator #2: Number of Officials Trained at International Law Enforcement Academies (ILEAs)

JUSTIFICATION (VALIDATION): Training is a major component of U.S. anti-crime assistance and correlates positively with institution building efforts to improve and professionalize foreign law enforcement agencies and institutions. U.S.-trained officers tend to move up to positions of leadership more rapidly than their peers and are more likely to cooperate with U.S. Government agencies at the operational level. They are also more open to and supportive of regional cooperation, particularly with counterparts from other countries who trained with them at the ILEAs.

FY 2005 PERFORMANCE	Target	2,800.
	Results	2,856.
	Rating	 Above Target
	Impact	Greater numbers of ILEA graduates translates into a greater impact on these graduates' institutions; they will help raise professional standards and skills of key foreign law enforcement officials and foster operational cooperation between U.S. and foreign law enforcement officials and regional cooperation among participating governments.
PERFORMANCE DATA	Data Source	ILEAs.
	Data Quality (Verification)	Data is verified by cross-referencing with other sources such as U.S. Embassies and law enforcement agencies participating in the program.
PAST PERFORMANCE	2004	2,400.
	2003	2,200.
	2002	2,100.

I/P #6: ANTICORRUPTION

Indicator #3: Status of UN Convention Against Corruption

JUSTIFICATION (VALIDATION): As with the Convention Against Transnational Organized Crime, the Convention Against Corruption represents the first stage of developing international cooperation to combat corruption by setting out international standards and norms. Once the treaty enters into force, it takes on the force of international law for the parties, who are under obligation to take the necessary domestic steps to implement its provisions.

FY 2005 PERFORMANCE	Target	Convention is ratified by at least thirty countries and enters into force. Preparations begin for developing a follow-up mechanism.
	Results	Thirty-three countries have ratified as of September 27, 2005; Convention will enter into force on December 14, 2005.
	Rating	 On Target
	Impact	Parties to the Convention will begin to, or already are, taking steps to revise domestic law to prevent, criminalize, identify, investigate and prosecute cases of corruption. The United States, the UN, and other nations are providing assistance to governments in revising laws and setting up enforcement units.
PERFORMANCE DATA	Data Source	United Nations. UN tracks and provides data.
	Data Quality (Verification)	UN is the primary record holder for UN conventions and associated protocols.
PAST PERFORMANCE	2004	Convention negotiations finalized in October 2003. Convention opened for signature in December 2003.
	2003	Consensus reached on text of all major provisions.
	2002	Progress made at three negotiating sessions.

I/P #6: ANTICORRUPTION (continued)

Indicator #4: Status of Regional Anticorruption Frameworks

JUSTIFICATION (VALIDATION): Regional anticorruption frameworks are mechanisms for collectively addressing regional anticorruption issues. This indicator tracks the expansion of such mechanisms.

FY 2005 PERFORMANCE	Target	Initiate review process in one or more regions to determine impact and effectiveness of efforts to encourage implementation of regional anticorruption initiatives. <i>(Revised. See Appendix for explanation.)</i>
	Results	<ol style="list-style-type: none"> 1. Council of Europe Regional Group of States Against Corruption initiated a review process in FY 2005 to determine whether commitments are being implemented and follow-up is effective. 2. Middle East/North Africa framework finalized and adopted. 3. Asia-Pacific Economic Cooperation (APEC) framework finalized and adopted by APEC leaders at 2004 APEC Summit. 4. Organization of American States Mechanism beginning discussions on a future "compliance review process".
	Rating	■ On Target
	Impact	Regional frameworks will complement and reinforce the UN Convention Against Corruption. As part of regional frameworks, states work together on anti-corruption steps. Increased participation and continued development in regional anti-corruption frameworks work towards achieving the Department's goal of strengthening host nations' law enforcement and judicial sectors.
PERFORMANCE DATA	Data Source	U.S. embassy reporting and U.S. delegations participating in regional framework meetings.
	Data Quality (Verification)	State Department data is gathered from multiple sources and crosschecked to ensure accuracy.
PAST PERFORMANCE	2004	Preliminary work begun on Middle East/North Africa initiative, including initial gatherings by interested states. APEC countries reached initial agreement on framework document. While this initiative originally anticipated that the Caucasus Framework would be in place by the end of 2004, there has been little progress in that area. Instead, the U.S. has concentrated on helping stand up the APEC Framework, which has progressed faster than originally anticipated. The end result has been the establishment of two new frameworks in 2004.
	2003	The African Union (AU) Convention on Preventing and Combating Corruption was adopted by the AU General Assembly at the AU Summit in Maputo on July 11, 2003. The Convention is now open to signature for 42 AU member states. AU is working with Transparency International to develop a monitoring and assistance mechanism related to the New Partnership for Africa's Development.
	2002	Number of mechanisms increased to five, by addition of Asian Development Bank and Organization for Economic Co-operation and Development Asia Initiative.

Officials from the U.S. Embassy in Vientiane discuss detoxification with villagers recovering from opium addiction. State Department Photo



I/P #7: MONEY LAUNDERING INITIATIVE

**Indicator #5: Status of Financial Action Task Force on Money Laundering (FATF)
List of Non-Cooperative Countries and Territories (NCCT)**

JUSTIFICATION (VALIDATION): The Department uses the FATF standard to measure the effectiveness of the anti-money laundering regimes of problem countries and territories. The FATF process not only identifies problem countries and territories, it applies pressure on them to improve their anti-money laundering performance. "Graduation" from the NCCT list is an important milestone both for individual countries and for the global effort in combating money laundering.

FY 2005 PERFORMANCE	Target	FATF removes all but three countries designated as NCCTs prior to 2003.
	Results	FATF removed three countries from list in February 2005; three countries remain on list.
	Rating	■ On Target
	Impact	Three countries improved their anti-money laundering rules, regulations, and practices sufficiently to be removed from the FATF list. Myanmar, Nauru and Nigeria improved their anti-money laundering regimes, but not enough to meet FATF standards. A strengthened global anti-money laundering regime helps the Department disrupt the activities of criminal organizations and improve the capabilities of host country law enforcement and judicial systems.
PERFORMANCE DATA	Data Source	FATF provides data.
	Data Quality (Verification)	FATF releases an annual report on the NCCT process that documents trends and tracks the progress of countries on the NCCT list. Furthermore, the annual report also reports on the status of those nations that have recently been removed from the NCCT list to verify that they have complied with all the terms of the FATF review process and still merit having been removed from the NCCT list.
PAST PERFORMANCE	2004	FATF removed three countries from list; six countries remain on list.
	2003	FATF removed eight countries from list; eleven countries remain on list.
	2002	FATF removed four countries from the list; fifteen countries remained on the list.



Colombian National Police officers take the fingerprints of convicted drug kingpin, Gilberto Rodriguez Orejuela, at a military airport in Bogota, Colombia, December, 2004, before putting him on an airplane to be extradited to the U.S. Rodriguez Orejuela and his brother Miguel headed the notorious Cali drug cartel, which in the 1990s was the world's main supplier of cocaine. AP/Wide World Photo

STRATEGIC OBJECTIVE #1: ACHIEVE PEACE AND SECURITY

STRATEGIC GOAL 6: AMERICAN CITIZENS

*Assist american citizens to travel, conduct business, and live abroad securely***I. Public Benefit**

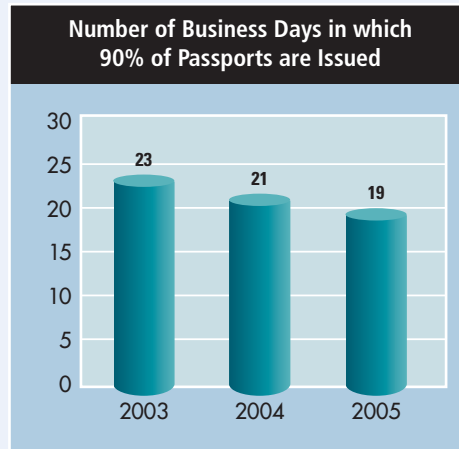
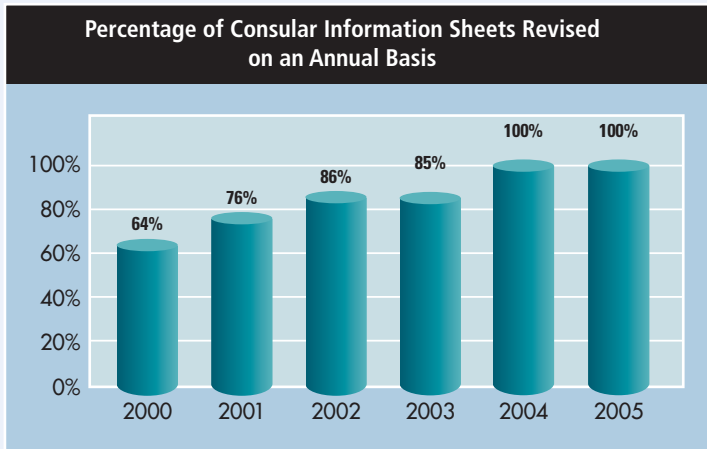
Approximately four million Americans reside abroad, and Americans make about sixty million trips outside the United States each year. The Department issues passports that identify individuals as U.S. citizens and enables them to travel internationally.

U.S. embassies and consulates offer a broad range of services that protect U.S. citizens. Such services include the provision of assistance to U.S. citizens who die, fall ill, become destitute, or who are arrested. The Department must plan for the unexpected and be prepared to respond to crises abroad, such as transportation or natural disasters, and other situations in which U.S. citizens need assistance, including incidents of terrorism and serious crimes such as hostage taking, homicide, assault, and international parental child abduction. The Department actively encourages host governments to adopt measures needed to protect Americans from crime and social and political unrest. The Department also works with host governments to ensure that the host country's criminal justice system treats Americans equitably and assists those countries to develop effective investigative and prosecutorial capabilities to respond to American victims of crime and to expand their cooperation and information sharing with the United States in order to prevent terrorist attacks on U.S. citizens. The Department encourages countries to implement intercountry adoption systems that protect the interests of children, birth parents, and U.S. adoptive parents.



To alert Americans to conditions that may affect safety and travel abroad, the Department disseminates threat assessments to posts abroad and announcements to the public as quickly as possible using a wide range of available means—its websites, its Consular Information Program, a global Internet-based registration system, and its overseas American citizen warden program. The Overseas Security Advisory Council, a government-private sector partnership, fosters creative solutions to security related issues affecting U.S. private sector interests. The Department uses threat information and security expertise overseas to protect its personnel, property, proprietary information, and other assets, thereby better ensuring continuity of services to the public. The Department is making its websites increasingly accessible and interactive and encourages the traveling American public to register with posts abroad.

II. Selected Performance Trends



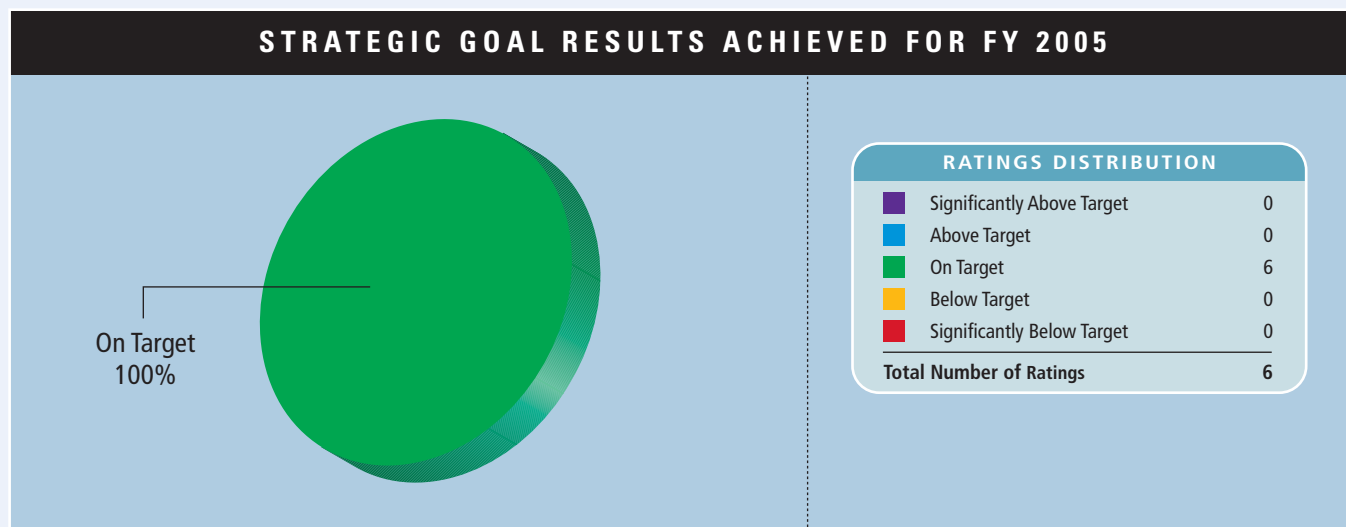
III. Strategic Context

This strategic goal is supported by two performance goals. Shown below are the major initiatives/programs, resources, bureaus, and partners that contribute to accomplishment of the strategic goal. Acronyms are defined in the glossary at the back of this publication.

Strategic Goal	Performance Goal (Short Title)	Initiative/ Program	Major Resources	Lead Bureau(s)	External Partners
American Citizens	Assistance for U.S. Citizens Abroad	American Citizen Services	D&CP	CA	DOJ, DOD, HHS, DOT, NCMEC, other NGOs
	Passport Issuance and Integrity	Secure Passport Issuance	D&CP	CA	GPO, Treasury, DHS, SSA, USPS, USMS, HHS; ICAO; NAPHSIS, AAMVA

IV. Performance Summary

The chart below shows the performance rating distribution of the FY 2005 results for the American Citizens strategic goal.



V. Performance Analysis

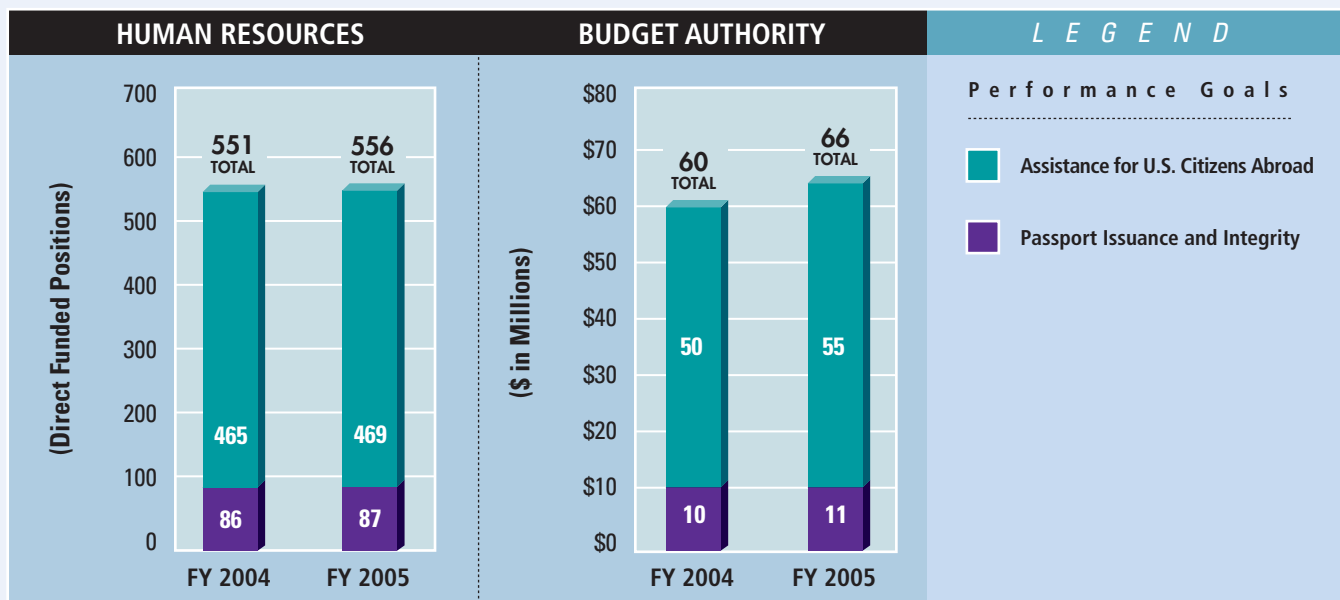
PERFORMANCE TRENDS. The Department provides information, assistance, and passports to American Citizens traveling overseas, and it made qualitative improvements to all three. The Department has had some notable success improving the integrity of the passport issuance process. In particular, the Department’s efforts to double-check applications against Social Security Administration death records and the development of biometric identification systems for eventual use in passports are making U.S. passports more reliable identification documents. These successes come against a backdrop of greater demand; in FY 2005 the Department adjudicated 10.1 million passports and anticipates demand will reach 17 million by FY 2007.

OUTCOME-LEVEL RESULTS. The Department made progress toward the high-level outcome of protecting American citizens overseas, particularly through online registration. All results in this area were on target.

RESULTS SIGNIFICANTLY ABOVE OR BELOW TARGET. There were no results significantly above or below target. However, the Department will undoubtedly face some challenges producing passports with biometric information, which is to be expected with such a new technology. This program could also encounter delays due to non-technological factors, such as litigation.

RESOURCES INVESTED. The Department has increased its investment in passport and American citizen services from FY 2004 levels. Support for passport operations has risen overall, in response to rising demand for passports; applications have increased from 8.8 million in FY 2004 to 10.1 million in FY 2005.

VI. Resources Invested



VII. Performance Results

PERFORMANCE GOAL 1

U.S. CITIZENS HAVE THE CONSULAR INFORMATION, SERVICES, AND PROTECTION THEY NEED WHEN THEY RESIDE, CONDUCT BUSINESS, OR TRAVEL ABROAD

INITIATIVE/PROGRAM (I/P) #1: AMERICAN CITIZEN SERVICES (PART PROGRAM)

Indicator #1: Percentage of Consular Information Sheets Revised on an Annual Basis

JUSTIFICATION (VALIDATION): Consular Information Sheets alert Americans to conditions that may affect their safety or travel abroad. They are a primary method of informing American travelers and must be kept up-to-date to provide a basis for safe travel.

FY 2005 PERFORMANCE	Target	100%.
	Results	100%.
	Rating	■ On Target
	Impact	Americans have access to comprehensive, complete, and up-to-date information on conditions affecting their travel overseas.
PERFORMANCE DATA	Data Source	Internet list of Consular Information Sheets with corresponding issuance Date.
	Data Quality (Verification)	Data collected directly from Consular Information Sheets. List is publicly available on the Internet.
PAST PERFORMANCE	2004	100%.
	2003	85%.
	2002	86%.

**I/P #1: AMERICAN CITIZEN SERVICES
(PART PROGRAM) (continued)**

Indicator #2: Status of Online Registration System (Internet-Based Registration System)

JUSTIFICATION (VALIDATION): Global access to an online registration system with a database maintained and protected behind the Department’s firewalls provides easily accessible, secure registration and management of U.S. citizen contact data, and enables efficient delivery of travel information and consular emergency services anywhere in the world.

FY 2005 PERFORMANCE	Target	Online registration system begins to deliver Consular Information Program documents to citizens when they register.
	Results	By the end of FY 2005, more than 300,000 U.S. citizen travelers have registered in response to global events such as natural disasters and security concerns. Travel information, such as Consular Information Program documents, is automatically delivered to all registrants. With continuing deployment of the new ACS+ software to overseas consular posts, long-term travel information entered automatically interfaces with the appropriate posts’ systems.
	Rating	■ On Target
	Impact	As the number of registrants continues to rise and more posts receive the ACS+ application, the Bureau of Consular Affairs’ ability to locate, contact and assist American citizen travelers during an emergency increases.
PERFORMANCE DATA	Data Source	Internet Based Registration System, U.S. embassy American Citizen Services units, Bureau of Consular Affairs (CA).
	Data Quality (Verification)	Registration data gathered and verified by CA.
PAST PERFORMANCE	2004	Launched a new, worldwide global Internet-based registration system that allows U.S. citizens access to secure online U.S. citizen registration system. The system is now operational and allows American citizens to receive timely travel information and enables embassies and consulates to track and assist American travelers and overseas residents.
	2003	Contract to manage the on-line registration system was on schedule, and a 30-Day Notice of Proposed Information Collection was published in the Federal Register in September 2003.
	2002	Pilot software was developed for an Internet-based system that will allow Americans to register overseas travel itineraries at a central website.

A Look to History: American Citizens

With an increase in Americans living and working overseas in the early 1940s, the Department of State created the Special Division within the Office of Consular Affairs to protect the status, rights, and interests of American citizens abroad, including safeguarding property and finances. Immediately after World War II, the Division served as a “central clearing house” for emergency problems arising out of the war. This included locating, assisting, and repatriating U.S. citizens in troubled areas overseas, including prisoners of war. The Special Division maintained a strong relationship with the American Red Cross and the Advisory Committee on Voluntary Foreign Aid in matters affecting emergency disaster relief abroad.



U.S. soldiers surrender to the Japanese forces at an unknown location in the Philippines, on August 12, 1942. AP Photo

**I/P #1: AMERICAN CITIZEN SERVICES
(PART PROGRAM) (continued)**

Indicator #3: Status of Hague Convention on Intercountry Adoption

JUSTIFICATION (VALIDATION): "Status of the Hague Convention on Intercountry Adoption" demonstrates essential tasks that must be completed prior to U.S. ratification of the Convention in order for the U.S. to meet the Convention's responsibilities.

FY 2005 PERFORMANCE	Target	Adoption accreditation regulations finalized for interagency review and should be published in final by the end of 2005; Adoption visa processing regulations drafted; Adoption case registry and tracking software developed and testing underway; Begin negotiations with potential Accrediting Entities; U.S. instrument of accession deposited in 2007. <i>(Revised. See Appendix for explanation.)</i>
	Results	Adoption accreditation regulations finalized; Adoption visa processing regulations drafted; Adoption case registry and tracking software developed and in test phase; Negotiations with potential accrediting entities toward signing agreements begun.
	Rating	■ On Target
	Impact	Performance directly supports and advances the Department's ability to ratify the Hague Convention on Intercountry Adoption.
PERFORMANCE DATA	Data Source	Bureau of Consular Affairs records.
	Data Quality (Verification)	Data compiled directly by Bureau of Consular Affairs, which checks for accuracy and completeness.
PAST PERFORMANCE	2004	Published in Federal Register proposed regulations on the accreditation and approval of adoption service providers, which must be accredited for Convention to enter into force for U.S. Received approximately 1800 public comments on the proposed regulations. Posted the public comments on the Bureau of Consular Affairs (CA) web site. Prepared written responses to the public comments and revised regulations in light of public comment for internal CA policy review. Published on public CA website Requests for Statements of Interest to Solicit State government and nonprofit accrediting entities (AE's). Three non-profit accreditors and 9 States (many more than expected) expressed interest in becoming accrediting entities. Department team met with and evaluated each of the candidates. Based on the evaluations, the Department found that four of the candidates did not meet criteria for becoming an AE, and prepared to open negotiations with remaining candidates.
	2003	A Proposed Rule on the implementation of the Hague Convention on Intercountry Adoption and the Intercountry Adoption Act of 2000 was published in the Federal Register in September 2003.
	2002	<ol style="list-style-type: none"> Adoption regulations were discussed and cleared with stakeholders and other federal agencies. Software to manage international adoption cases was delayed to accommodate the Department's new responsibilities as Central Authority under the Hague Convention on adoptions.

July London Bombings

The Bureau of Consular Affairs (CA) moved quickly in the aftermath of the July 2005 bombings in London to assist Americans concerned about family in the United Kingdom and to ensure that American victims received appropriate assistance and support. Our consular task force fielded over 22,500 telephone calls on the day of the bombing alone. CA worked closely with the Department of Justice's Office for Victims of Terrorism to coordinate services to the victims. For example, CA and the U.S. embassy in London coordinated the medical evacuation of two injured American sisters who required immediate surgery in the United States.



Injured passengers are escorted away from Edgware Road Station in London Thursday July 7, 2005 following explosions that rocked the London subway and a double-decker bus during morning rush hour. AP/Wide World Photo

PERFORMANCE GOAL 2
EFFECTIVE AND TIMELY PASSPORT ISSUANCE, WITH DOCUMENT INTEGRITY ASSURED

I/P #2: SECURE PASSPORT ISSUANCE (PART PROGRAM)

Indicator #1: Development of a Biometrics Collection Program for U.S. Passports

JUSTIFICATION (VALIDATION): Introducing biometrics into passports and other travel documents represents a major advance in the international effort to prevent look-alike and imposter fraud. The U.S. Enhanced Border Security and Visa Reform Act requires nations participating in the Visa Waiver Program to incorporate biometrics into their passports.

FY 2005 PERFORMANCE	Target	Issue first full validity electronic passports by end of calendar year 2005 in Special Issuance Agency Pilot.
	Results	Pilot testing of biometric passport issuance process and operational field testing of prototype e-passports begun in mid-2005, with successful completion of the operational field test. Progress in conducting the pilot at the Special Issuance Agency (SIA) may be delayed due to a vendor protest. The Department will work with Department of Justice attorneys to conclude litigation issues as soon as possible, so that the Bureau of Consular Affairs can proceed to initial production of biometric passports at SIA by January 1, 2006.
	Rating	■ On Target
	Impact	Incorporating biometrics strengthens U.S. security by ensuring that the person carrying a U.S. passport is the person to whom the passport was issued. These measures make the U.S. passport, one of the most valuable identity and citizenship documents in the world, less susceptible to manipulation and more difficult to counterfeit.
PERFORMANCE DATA	Data Source	Bureau of Consular Affairs data records.
	Data Quality (Verification)	Bureau of Consular Affairs collects and checks data for accuracy.
PAST PERFORMANCE	2004	Procurement for biometric passport is underway and nearing completion. Initial awards for current procurement were made on October 8, 2004. Software has been developed for biometric passport issuance and is being tested. Public Key Infrastructure Certificate Authority has been established in the Department for digitally signing passports.
	2003	<ol style="list-style-type: none"> 1. The International Civil Aviation Organization established technical specifications for the integration of biometric identification information into passports and other Machine Readable Travel Documents in May 2003, enabling the Department to begin to implement the specifications in U.S. passports. 2. Initial planning and requirements definition were underway. In July 2003, the Department issued a Request for Information relating to the integration of a chip with integrated circuit technology into the traditional paper-based passport booklet.
	2002	Inclusion of biometric indicators in U.S. passports considered.

A passenger has his fingerprint scanned.
AP/Wide World Photo



**I/P #2: SECURE PASSPORT ISSUANCE
(PART PROGRAM) (continued)**

Indicator #2: Checking of Passport Applications Against Social Security Administration (SSA) Death Records

JUSTIFICATION (VALIDATION): The Department has the ability to check passport applications electronically against the Social Security Administration's Social Security number (SSN) database, which enhances anti-fraud efforts.

FY 2005 PERFORMANCE	Target	Check 100 percent of applications against the SSN database.
	Results	100% of passport applications verified. The Department's systems automatically compare the name, date of birth, gender, and SSN provided by each applicant against the information in the SSN database to validate that the SSN was issued to the applicant.
	Rating	■ On Target
	Impact	Passport Services has identified imposter fraud, which includes identity theft, as the most frequent form of passport fraud. Electronic verification of the SSN assists in proving the passport applicant's identity. Verification of all SSNs enhances anti-fraud capabilities of the passport issuance process and provides better assurances of an applicant's identity than if only death records were used.
PERFORMANCE DATA	Data Source	Social Security Number Verification Memorandum of Agreement (MOA) between the Department and the Social Security Administration's Office of Income Security Programs, April 20, 2004, and Bureau of Consular Affairs records.
	Data Quality (Verification)	When a passport application is submitted, the Bureau of Consular Affairs automatically collects this information.
PAST PERFORMANCE	2004	The Department revised its program to check passport applications against death records in favor of front-end checking of applications against all SSA records electronically. To this end, the Department signed an MOA on April 4, 2004, to allow for such electronic verification. The Department is currently establishing the technical infrastructure and connectivity to begin this process by the end of calendar year 2004.
	2003	Agreement in principle reached with SSA to check all passport applications against the SSA database. Memorandum of Agreement being prepared. The application software has been modified. Waiting for link to be established and completion of MOA to send data.
	2002	Baseline: 1. Capability did not exist. 2. Some initial work done to share data and check information.

**Indicator #3: Number of Days Between Receipt of Routine Passport Application by Passport Services and Issuance of a Passport
(PART Efficiency Measure)**

JUSTIFICATION (VALIDATION): This indicator measures the timeliness of passport issuance.

FY 2005 PERFORMANCE	Target	90% of passport applications within 19 business days of receipt.
	Results	In FY 2005, the Department issued 87.1% of passports within 19 business days of receipt. As a result of Hurricane Katrina in August 2005 and the subsequent closure of the New Orleans Passport Agency - our most productive passport processing facility, we lost 17% of our productive capacity and experienced system-wide disruptions. In the wake of Hurricane Katrina and increased demand, we missed our more aggressive target for this fiscal year by only 2.9 percentage points.
	Rating	■ On Target
	Impact	Our efforts to reach this target in FY 2005 demonstrate the Department's commitment to serving the American public effectively and efficiently in routine and extraordinary circumstances.
PERFORMANCE DATA	Data Source	Bureau of Consular Affairs data records.
	Data Quality (Verification)	Bureau of Consular Affairs collects data and verifies it for accuracy.
PAST PERFORMANCE	2004	90% of passport applications processed to issuance within 21 business days of receipt.
	2003	Baseline: 90% of passport applications processed to issuance within 23 business days of receipt.
	2002	N/A.

**STRATEGIC OBJECTIVE #2:
ADVANCE SUSTAINABLE DEVELOPMENT AND GLOBAL INTERESTS**

Protecting our country and our allies from the dangers of terrorism, weapons of mass destruction, international crime, and regional instability is necessary but not sufficient for achieving national security. A healthier, more educated, democratic, and prosperous world — in short, a better world — will also be more stable and secure.

Our strategic goals for democracy and human rights, economic prosperity and security, and social and environmental issues are part of a larger whole. It is no coincidence that conflict, chaos, corrupt and oppressive governments, environmental degradation, and humanitarian crisis often reign in the same places.

The broad aim of our diplomacy and development assistance is to turn vicious circles into virtuous ones, where accountable governments, political and economic freedoms, investing in people, and respect for individuals beget prosperity, healthy and educated populations, and political stability.

STRATEGIC GOAL 7: DEMOCRACY AND HUMAN RIGHTS

Advance the growth of democracy and good governance, including civil society, the rule of law, respect for human rights, and religious freedom

I. Public Benefit

The United States recognizes the vital importance of democracy, human rights and good governance to global security, prosperity, and freedom. Competitive political institutions, transparent democratic practices, and civic activism are stronger when the rule of law and human rights are upheld. America’s experience affirms our conviction that all people can live and prosper in peace when guided by a commitment to freedom and democracy. Increasing democracy, human rights and good governance ensures a more peaceful world that benefits the United States and its citizens.

Protecting human rights and promoting democracy is a cornerstone of a U.S. foreign policy that seeks to end oppression, combat terrorism, and advocate democratic ideals and freedoms worldwide. Throughout his tenure, President Bush has articulated his vision of a world where freedom reigns, most clearly in his 2005 inaugural address: “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.”



Ukrainians demonstrate outside the Parliament in Kiev, November, 2004.

AP/Wide World Photo

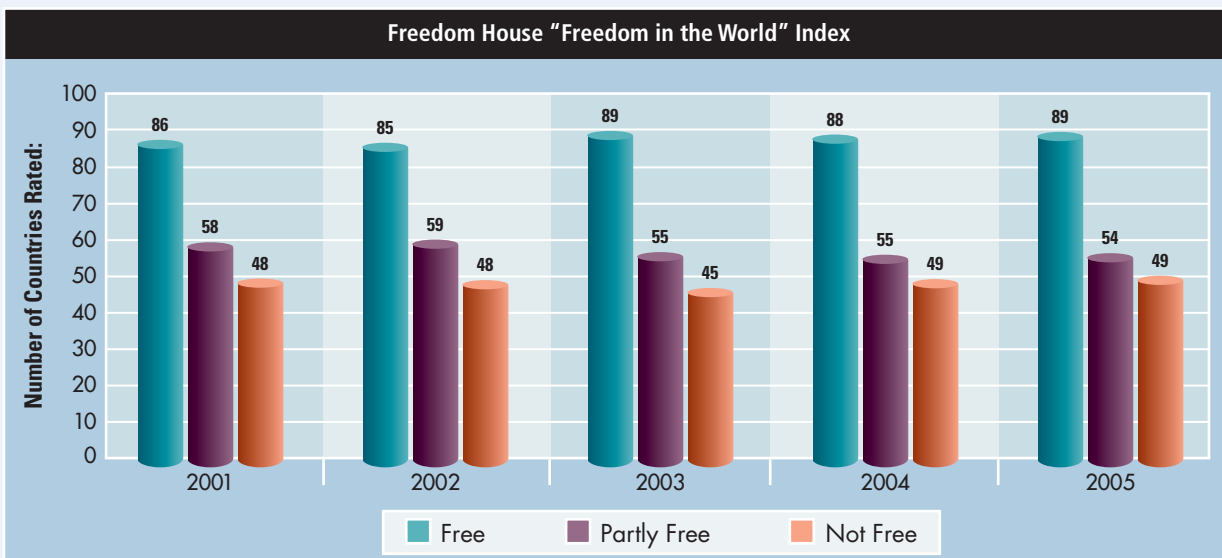
Together with our allies, like-minded governments, and partners in the public and private sectors, we employ a range of diplomatic and program tools to promote democracy and human rights worldwide. Our partners include the United Nations, where the U.S. led the effort to establish a UN Democracy Fund in 2005. Other partners include the Community of Democracies, regional organizations such as the Organization of American States (OAS) and the Organization for Security and Cooperation in Europe (OSCE), non-governmental organizations, the U.S. Agency for International Development (USAID), the Millennium Challenge Corporation, and the Departments of Labor, Justice, Defense and Homeland Security. The Department’s annual report, *Supporting Human Rights and Democracy: The U.S. Record*, catalogues these combined efforts, strategies, policies and programs to promote democracy and human rights.

We seek opportunities to encourage and support human rights advocates and policy makers to facilitate positive change in countries that routinely ignore international human rights. This principle guides our decisions about international cooperation, the character of our foreign assistance, the allocation of resources, and our actions in international fora. The United States will stand beside any nation determined to build a better future by seeking the rewards of liberty for its people.

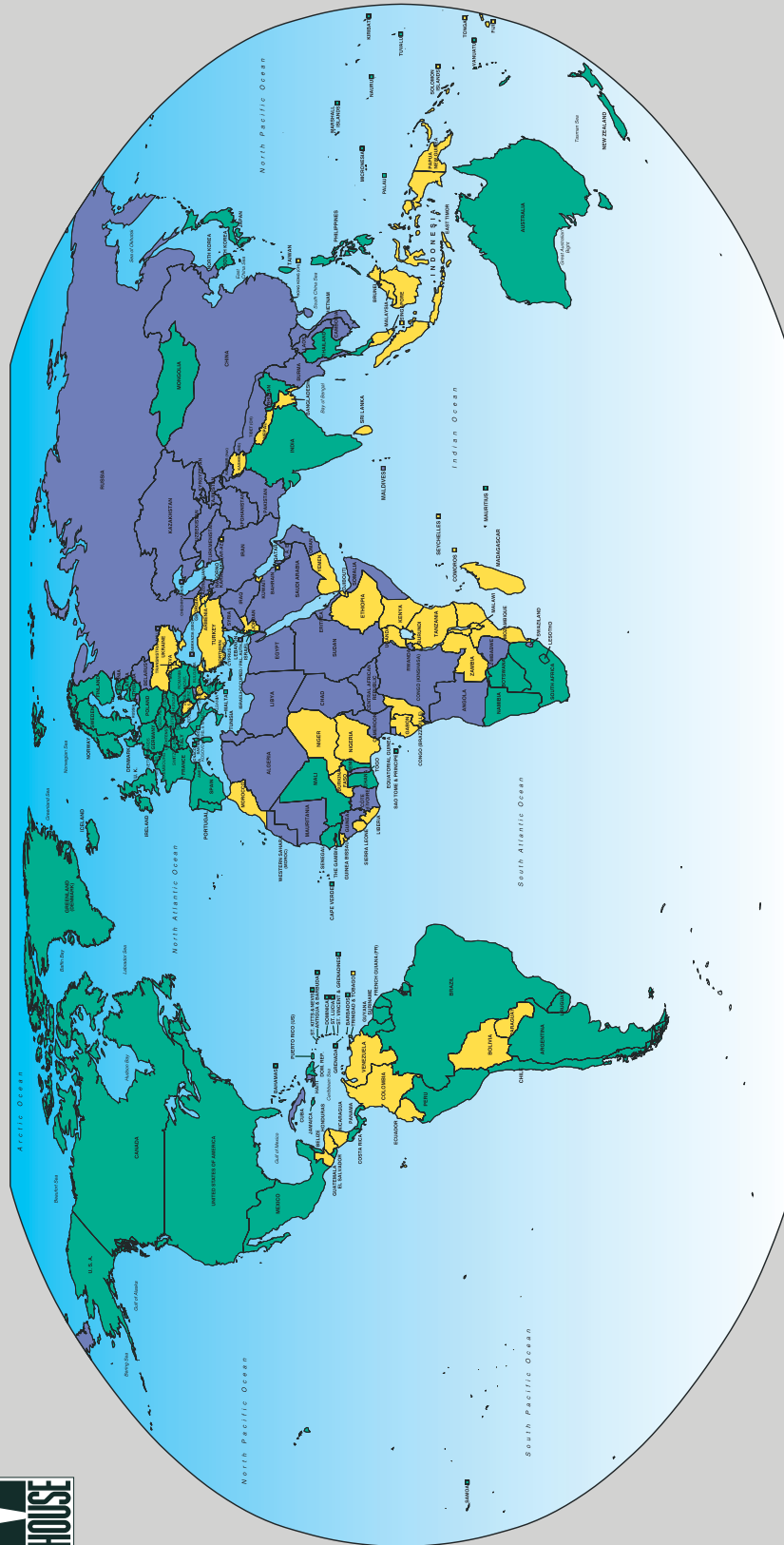
The Human Rights and Democracy Fund, which is managed by the Bureau of Democracy, Human Rights and Labor, supports time sensitive and innovative projects in more than thirty priority countries. These projects provide citizens with tangible assistance to build democratic institutions and to support and defend their own democratic freedoms and human rights. Working with our partners in these countries and others helps them to become more successful participants in the international community and better strategic and economic partners for the United States.

While the U.S. plays a leading role to promote democracy and human rights, the Department recognizes that these values are not uniquely American. Democratization must ultimately be a process driven by a society’s citizens. Toward that end, the Department works to ensure that democratic reforms reflect a representative political process.

II. Selected Performance Trends



MAP OF FREEDOM 2005



FREEDOM STATUS	
 FREE	 PARTLY FREE
 NOT FREE	

GLOBAL TRENDS IN FREEDOM			
Year Under Review	1994	1999	2004
Free	76	85	88
Partly Free	61	60	55
Not Free	54	47	49
Total	191	192	192

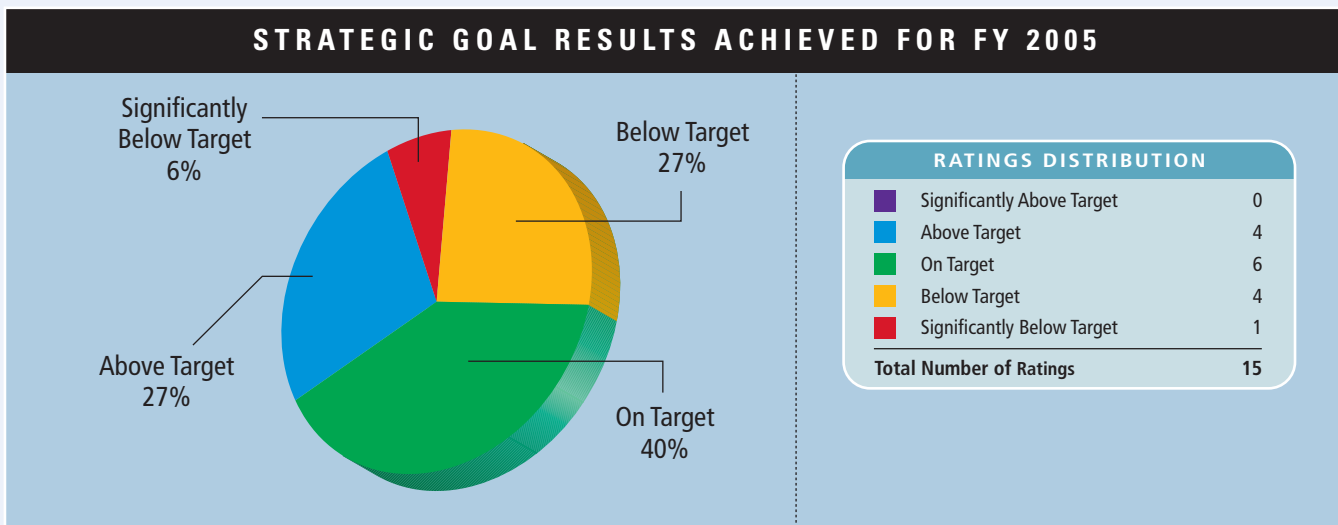
III. Strategic Context

This strategic goal is supported by two performance goals. Shown below are the major initiatives/programs, resources, bureaus, and partners that contribute to accomplishment of the strategic goal. Acronyms are defined in the glossary at the back of this publication.

Strategic Goal	Performance Goal (Short Title)	Initiative/Program	Major Resources	Lead Bureau(s)	External Partners
Democracy and Human Rights	Democratic Systems and Practices	Diplomatic Engagement to Advance Democracy	D&CP, ESF	Regional Bureaus	USAID, DOD, DOJ NGOs, UN, other int'l orgs.
		Democratic Stability in South Asia's Frontline States	D&CP	SA, DRL	USAID, NGOs
		MEPI – Democracy and Governance	D&CP, ESF	NEA	USAID, NGOs
		Democratic Systems and Practices in Europe and Eurasia	D&CP, FSA, SEED, ECE, ESF	EUR	USAID, DOJ
		Increased Women's Participation in Transitional/Post-Conflict Societies	D&CP, ESF	G/IWI, DRL, IO	USAID, NGOs
	Respect for Human Rights	Bilateral and Multilateral Diplomacy	D&CP, CIO, IO&P	DRL, IO	UN, other int'l orgs, NGOs
		Labor Diplomacy and Advocacy for Workers' Rights and Religious Freedom	D&CP, ESF (PESP)	DRL	DOL, USTR, OPIC, DOC, NGOs, IFIs, ILO, other int'l orgs

IV. Performance Summary

The chart below shows the performance rating distribution of the FY 2005 results for the Democracy and Human Rights strategic goal.



V. Performance Analysis

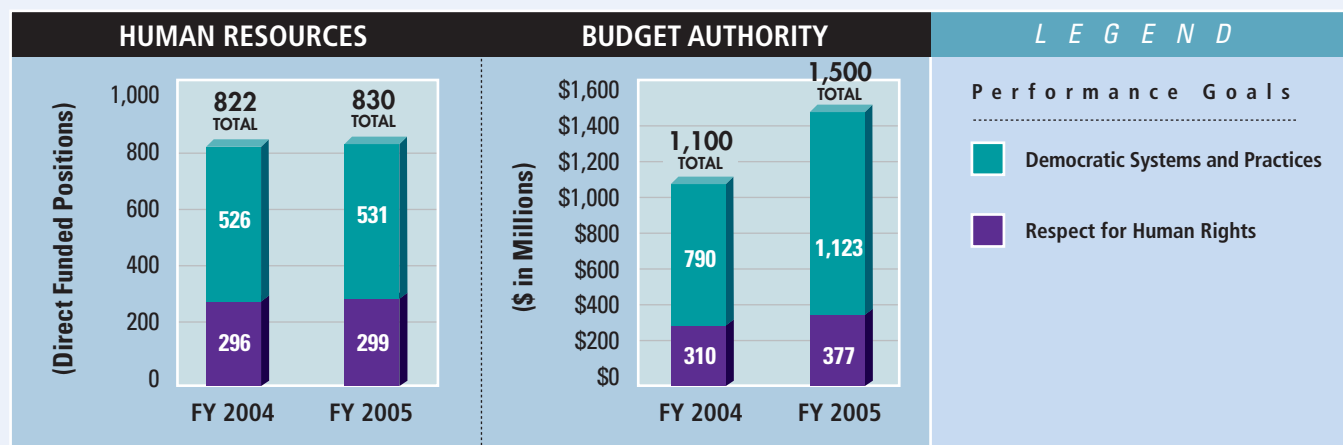
PERFORMANCE TRENDS. The most notable trend in democracy and human rights is the increase in democratic activity around the globe. Freedom House’s freedom index scores and the increasing number of elections held or planned in countries with scores “not free” or “partly free” under that index are examples of this activity. However, the Department must ensure that such elections are free and fair, and that these activities create institutions that reflect and respond to the will of those governed. An encouraging sign is the steady increase in political participation by women (particularly in Iraq and Afghanistan), which is the first step toward broader political discourse.

OUTCOME-LEVEL RESULTS. The Department made progress supporting democratization and women’s rights in Afghanistan and the Middle East. High-level outcomes include the appointment of several women to new cabinet positions in Afghanistan and Iraq and peaceful elections in Iraq, Afghanistan, Saudi Arabia, Lebanon, and Egypt. All of the programs in these areas performed at or above target in FY 2005.

RESULTS SIGNIFICANTLY ABOVE OR BELOW TARGET. No results scored significantly above target. The Department’s pressure and support for political freedom yielded a marked increase in elections—many of them the first of their kind—in the Middle East in FY 2005. The Department scored significantly below target in its ability to use Economic Support Funds in a timely manner. The Department must continue to press for political liberty, religious freedom, and human rights in bilateral and multilateral discussions and to continue its support for civil society groups and independent media.

RESOURCES INVESTED. The Department continues to support important democracy and human rights activities. In FY 2005, the Department allocated \$1.5 billion, or an estimated 6% of its budget to this strategic goal. This represents a significant increase of 36% from FY 2004.

VI. Resources Invested



VII. Performance Results

PERFORMANCE GOAL 1

MEASURES ADOPTED TO DEVELOP TRANSPARENT AND ACCOUNTABLE DEMOCRATIC INSTITUTIONS, LAWS, AND POLITICAL PROCESSES AND PRACTICES

INITIATIVE/PROGRAM (I/P) #1: ENGAGEMENT TO ADVANCE DEMOCRACY	
Indicator #1: Freedom House Index; World Bank Institute Survey Analysis	
<p>JUSTIFICATION (VALIDATION): Annual Freedom House ratings include raw scores, with tables for each country indicating three possible changes: a) status, b) trend (positive or negative), and c) score in either political rights or civil liberties. All three compilations permit multi-year comparisons; the Department seeks an increase of countries with a higher status from a previous year, as an indication of whether the Department is achieving its goals. World Bank Institute (WBI) results indicate a growing economic basis necessary to support democracy and human rights.</p>	
FY 2005 PERFORMANCE	<p>Target</p> <ol style="list-style-type: none"> Freedom House 2005 Report <ul style="list-style-type: none"> Net Progress: Positive change from previous year. Net Change in Status: Positive change from previous year. WBI 2005 surveys reflect net positive progress. <i>(Revised. See appendix for explanation.)</i>
	<p>Results</p> <ol style="list-style-type: none"> Freedom House 2005 Report: <ul style="list-style-type: none"> Free: 89 Partly Free: 54 Not Free: 49 Net Change: + 1 Free WBI 2005 scores available in 2006.
	<p>Rating</p> <p>■ On Target</p>
	<p>Impact</p> <p>A net change of +1 in countries that are rated as “free” indicates improvement in democratic conditions.</p>
PERFORMANCE DATA	<p>Data Source</p> <ol style="list-style-type: none"> Freedom House “Freedom in the World” annual survey. Biennial WBI Good Governance Survey data.
	<p>Data Quality (Verification)</p> <p>Freedom House rating allows multi-year comparisons that demonstrate advances in democratic reform worldwide. Freedom House ratings are publicly available and widely regarded as reliable quantitative data to verify movement toward greater democracy.</p>
PAST PERFORMANCE	<p>2004</p> <ol style="list-style-type: none"> Freedom House 2004 Report <ul style="list-style-type: none"> Free: 88 Partly Free: 55 Not Free: 49 Net Change in Status: -1 Improved Countries (showing improvement in political rights or civil liberties): 25 Declined Countries: 10 Net Progress: +15 Invitation lists prepared for 2005 Community of Democracies ministerial in Santiago.
	<p>2003</p> <ol style="list-style-type: none"> Freedom House 2003 Report <ul style="list-style-type: none"> Free: 89 Partly Free: 55 Not Free: 48 Net Change in Status: +4 Improved Countries: 29 Declined Countries: 11 Net Progress: +18 118 countries invited to participate in 2002 Community of Democracies ministerial meeting in Seoul (held in FY 2003).

Continued on next page

I/P #1: ENGAGEMENT TO ADVANCE DEMOCRACY (continued)		
Indicator #1: (continued)		
PAST PERFORMANCE (continued)	2002	1. Freedom House 2002 Report <ul style="list-style-type: none"> ● Free: 85 ● Partly Free: 59 ● Not Free: 48 ● Net Change in Status: -1 ● Improved Countries: 16 ● Declined Countries: 17 ● Net Progress: -1
		2. Invitations sent to 117 countries to participate in Community of Democracies ministerial in Seoul.

Indicator #2: Section 3 Ratings in Human Rights Reports of the Right of Citizens to Change Their Government

JUSTIFICATION (VALIDATION): Section 3 of the annual State Department human rights reports is examined to determine the extent to which people have the right to change their government. Countries moving from no right to having the right or limited right, or from limited right to having the right count as positive change. Countries moving in the other direction count as negative changes. The right to change government is a fundamental indicator of a country's respect for democracy and the ability of citizens to hold their governments accountable.

FY 2005 PERFORMANCE	Target	Net Change: Positive change from the previous year.
	Results	2004 Country Reports on Human Rights Practices: <ul style="list-style-type: none"> ● Countries with Right: 114 ● Countries with Limits: 45 ● Countries without Right: 33
	Rating	 Below Target
	Impact	While the number of countries with the right to change their government has slightly decreased, the overall upward trend is positive. The combined number of countries with the right and with a limited right to change governments increased to 159 in 2004 from 155 in 2002. Similarly, the number of countries without the right decreased to 32 in 2004 from 40 in 2002.
	Reason for Shortfall	Unforeseen political events can impede advancement of democracy; governments resist democratization that threatens their political survival.
	Steps to Improve	Refocus democracy promotion strategies in select countries where democratic reforms have been delayed.
PERFORMANCE DATA	Data Source	The Department's annual Country Reports on Human Rights Practices.
	Data Quality (Verification)	The reports reflect assessments of human rights practices provided by U.S. Government officials, non-governmental organizations, and human rights advocates. The reports are carefully vetted for accuracy and objectivity and are widely considered to be reliable sources of information.
PAST PERFORMANCE	2004	Net negative change from previous year: <ul style="list-style-type: none"> ● 2003 Country Reports on Human Rights Practices ● Countries with Right: 116 ● Countries with Limits: 44 ● Countries without Right: 32
	2003	Net positive change from previous year: <ul style="list-style-type: none"> ● 2002 Country Reports on Human Rights Practices ● Countries with Right: 126 ● Countries with Limits: 35 ● Countries without Right: 34
	2002	Net negative change from previous year: <ul style="list-style-type: none"> ● 2001 Country Reports on Human Rights Practices ● Countries with Right: 120 ● Countries with Limits: 35 ● Countries without Right: 40

A Look to History: Democracy and Human Rights

On September 30, 2005, at a speech at Princeton University, Secretary Rice observed the similarities between the challenges policy makers faced after World War II and the extraordinary times we encounter today:

"Seventy-five years ago... it was a difficult time when the world's democracies were like islands in a raging sea. Adolf Hitler was planning his ascent to power in Germany and plotting his conquest of Europe. And Joseph Stalin was consolidating his rule and building a Soviet Union that would threaten the entire free world. Today, however, democracies are emerging wherever and whenever the tides of oppression recede. As President Bush said in his Second Inaugural Address, 'The best hope for peace in our world is the expansion of freedom in all the world.'

"Now, to forge realistic policies from these idealistic principles, we must recognize that statecraft can assume two fundamentally different forms. In ordinary times, when existing ideas and institutions and alliances are adequate to the challenges of the day, the purpose of statecraft is to manage and sustain the established international order. But in extraordinary times, when the very terrain of history shifts beneath our feet and decades of human effort collapse into irrelevance, the mission of statecraft is to transform our institutions and partnerships to realize new purposes on the basis of enduring values."



Secretary of State Condoleezza Rice delivers a keynote address, Friday, September 30, 2005, at Princeton University in Princeton, NJ., during opening of the year celebration marking the 75th anniversary of Princeton University's Woodrow Wilson School of Public and International

I/P #2: DEMOCRATIC STABILITY IN SOUTH ASIA'S FRONTLINE STATES

Indicator #3: Degree to Which Democratic Civilian Rule is Established and Maintained in Pakistan

JUSTIFICATION (VALIDATION): Re-establishment of democratic civilian rule is a clear indicator of progress toward a return to full democracy.

FY 2005 PERFORMANCE	Target	<ol style="list-style-type: none"> 1. The civilian government maintains stability. 2. National and provincial assemblies initiate policy debates in key areas of national security, economic and foreign policy. Assemblies show increased legislative capability. 3. Civil society groups, including more credible political parties, continue to press for increased government and political party accountability and transparency and begin to influence public debate on important issues. Civil society organizations consulted by Government of Pakistan leaders on issues that concern them. Media more accurately reflects the views and activities of all strata of Pakistani society; polls indicate that people are better informed. Politicians and press feel increasingly free to publicly criticize army/establishment. More competent investigative and prosecutorial ability exists. More active prosecution of human rights cases conducted.
	Results	<ol style="list-style-type: none"> 1. Stability is maintained but the head of state remains the head of the military. The military is not subject to civilian control. 2. National and provincial assemblies initiated policy debates in key areas of national security, economic and foreign policy. The range of national security and foreign policy issues open for genuine debate remains circumscribed. 3. Politicians and press feel increasingly free to publicly criticize army/establishment. The government continues to exercise some control over the media by offering "recommendations" on editorial content and by allocating advertising that serves as a critical subsidy. The government, citing spurious security concerns, blocks some political gatherings. Senior Government of Pakistan officials publicly disparage some civil society organizations that advocate on behalf of human rights, women's rights, and the poor.
	Rating	 Below Target
	Impact	By promoting stability while strengthening the media, civil society, and political parties, citizens will be able to advocate for civilian rule in Pakistan through peaceful means.
	Reason for Shortfall	Pakistan's non-democratic elements developed over decades and became mutually reinforcing. They will require years of persistent effort to overcome. Moreover, the presence of terrorist and extremist groups present a security challenge that provides what the government regards as a justification for invoking non-democratic practices.
	Steps to Improve	Increase Pakistani civilian capacities and knowledge in human rights, women's rights and political participation, the rule of law, labor standards, independent media, local government, and civic education.
	PERFORMANCE DATA	Data Source
Data Quality (Verification)		Information gathered through primary data collection by the U.S. embassy and can be verified through publicly available media reporting.

Continued on next page



Under Secretary of State for Democracy and Global Affairs Paula Dobriansky speaks to reporters at the release of the State Department's 2004 Country Reports on Human Rights Practices, in Washington, February, 2005.
AP/Wide World

I/P #2: DEMOCRATIC STABILITY IN SOUTH ASIA'S FRONTLINE STATES (continued)

Indicator #3: (continued)

PAST PERFORMANCE	2004	<ol style="list-style-type: none"> 1. Wrangling over the Legal Framework Order ended with the passage of the 17th Amendment, which stipulates a return to civilian rule by the end of 2004 and elections to be held in 2007. 2. Both houses freely debated the President's message to Parliament; standing committees were announced; and various key pieces of legislation were passed, including a bill authorizing the formation of a National Security Council. The parliamentary debate over the President's address included national security issues. 3. President Musharraf and senior members of the government regularly consult with civil society representatives. 4. National public opinion survey on a range of subjects (including familiarity with national and provincial representatives, the political process, and political engagement) conducted by the Pakistan Legislative Strengthening Consortium (PLSC) in order to acquire data to assist legislatures, PLSC, and nongovernmental organizations to improve their planning and activities. 5. The arrest and conviction of opposition leader Javed Hashmi was a setback for political freedom.
	2003	<p>The promulgation of constitutional amendments by decree and refusal by Musharraf to submit his presidency to legislative ratification per the existing constitution compromised the process of a clear return to democratic civilian rule. Prolonged constraints on freedom of assembly and political expression also rendered the playing field for the October 10, 2002 elections uneven. Within such parameters, the below indicators represent progress towards democracy through a return to civilian rule and re-establishment of democratic processes through representative bodies.</p> <ul style="list-style-type: none"> ● Relatively lower levels of corruption and stability maintained as President Musharraf builds some political party allies who accept amendments. ● Elections occurred October 10 and parties accept the outcome but with credible allegations of flaws regarding their conduct. ● Pakistani military returns to the barracks as civilian rule resumes. ● Corrupt patronage continues to dominate political parties but reformers are identified. ● Civil society organizations begin to organize, grow in size and activity, and gain a voice. ● Reasonably free political party activity and press. Limited investigative/prosecutorial capacity.
	2002	<ol style="list-style-type: none"> 1. President Musharraf in August 2002 promulgates constitutional amendments that allow him to dissolve the national assembly, retain his post as Army Chief of Staff, and increase civilian membership on the National Security Council from 6 to 9 (4 are military). National elections are scheduled for October 10, 2002 and all major political parties have been certified to participate. 2. Civil society is poorly organized, quiescent and ineffective. Receives minor press attention. Hard to identify civil society leaders. 3. Corruption proceedings against politicians are based on partisan grounds. Judiciary is an ineffective deterrent to unconstitutional or extra-legal government practices.



Afghanistan President Hamid Karzai walks towards the inauguration ceremony honoring him as Afghanistan's first popularly elected president, in Kabul, Afghanistan, December 2004. Standing left is the former King of Afghanistan, Zahir Shah.

AP/Wide World Photo

I/P #2: DEMOCRATIC STABILITY IN SOUTH ASIA'S FRONTLINE STATES (continued)

Indicator #4: Progress Toward Constitutional Democracy in Afghanistan

JUSTIFICATION (VALIDATION): Achieving progress toward meeting political objectives laid out in the Bonn Accord will effectively establish democratic rule in Afghanistan.

FY 2005 PERFORMANCE	Target	<ol style="list-style-type: none"> 1. New National Government takes office with a clear popular mandate. Preparations for local/regional elections move forward in accordance with relationship defined in Constitution. 2. President continues to act in accord with rule of law and constitutionally. 3. Human rights commission is able to move the government to act to curb direct abuses and to address prior crime. 4. A select number of women occupy positions of local authority (i.e. at the city level or within the central government at the judicial, legislative, or executive level) inside Kabul. 5. Law enforcement institutions begin to enforce and the judiciary begins to uphold civil liberties protections in the constitution. 6. Judicial commission recommendations and rulings are incorporated into the basic fabric of law and practice.
	Results	<ol style="list-style-type: none"> 1. Presidential elections held in October 2004. More than 10 million Afghans registered and 8 million participated in the election, 40 percent of whom were women. Provincial Council and National Assembly elections scheduled for September 18, 2005. 1.69M new voters registered for upcoming parliamentary elections. 2. President announced a reform-oriented and politically and ethnically balanced cabinet. 3. Despite limited capacity, the Afghan Independent Human Rights Commission is reporting on a wide range of human rights issues including evidence of Afghan perceptions of past human rights abuses. The Commission is developing a database that holds potential to serve as the basis for future judicial resolution of Afghanistan's recent wartime human rights abuses. 4. Two women are Cabinet Ministers (Minister of Women's Affairs and Minister of Martyrs and Disabled); first female governor appointed (Bamiyan). 5. USAID constructed 24 judicial facilities throughout the country; trained 382 judges in a series of formal training programs; and codified, compiled, printed and disseminated 1,000 copies of Afghanistan's basic laws in Dari and Pashto throughout the country for the first time ever. 6. Judicial commission recommendations and rulings will not be incorporated.
	Rating	<ol style="list-style-type: none"> 1. ■ On Target 2. ■ On Target 3. ■ On Target 4. ■ On Target 5. ■ Below Target 6. ■ Below Target
	Impact	With a democratically elected president and new government in place, successful National Assembly elections were held on September 18 th , which further solidified Afghanistan's progress toward democracy.
	Reason for Shortfall	Judiciary system still at rudimentary stage in terms of legislations, physical infrastructure and human capacity (1/4 of judges have not completed a high school education). Judicial Reform Commission disbanded since was not effective instrument.
	Steps to Improve	Without the Judicial Reform Commission the focus is now on supporting permanent institutions. Continue construction/rehabilitation of courthouses and training of law enforcement officials and the judiciary.
	PERFORMANCE DATA	Data Source
Data Quality (Verification)		Data and methodology of public reports readily for verification and widely regarded as accurate. State Department, other U.S. Government, international organization, and non-governmental data are crosschecked to ensure accuracy.

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I/P #2: DEMOCRATIC STABILITY IN SOUTH ASIA'S FRONTLINE STATES (continued)

Indicator #4: (continued)

PAST
PERFORMANCE

2004

1. Constitutional Loya Jirga adopts moderate, democratic Constitution on January 4, 2004. Over 100 of the 500 delegates were women.
2. Of the over 9 million voters registrations recorded by August 40% were women.
3. Joint Election Management Board established to oversee registration and voting.
4. Political Party Law and Elections Law passed.
5. On July 29, 23 candidates announce bids for presidency; 18 of which were accepted by the JEMB.
6. Presidential elections not held until October 2004.

2003

1. Constitutional Commission is established and drafts new Constitution.
2. Public consultations held in preparation for Constitutional Loya Jirga.
3. Human Rights and Judicial Commissions begin to address serious problems (ethnic abuses, women's rights violations, rule of law, war crimes/ethnic killings), and identify priority objectives.
4. Islamic Transitional Government of Afghanistan begins to develop rules and procedures for the elections in 2004, seeks countrywide consensus.
5. The form and composition of a parliamentary body are addressed.
6. Electoral commission is established.
7. Voter registration begins.
8. Afghan Conservation Corps is established to provide income to Afghan returnees, fostering community-based efforts to promote sound land and water management.

2002

1. Bonn Accord signed December 5, 2001.
2. Afghan Interim Authority (AIA) takes office on December 22, 2001 per the Accord. AIA begins process of planning the Emergency Loya Jirga (ELJ).
3. ELJ successfully held in June, Afghan Transitional Authority (ATA) formed (renamed Islamic Transitional Government of Afghanistan in the summer of 2002).
4. LJ most broadly representative assembly in Afghan history.
5. Human Rights, Judicial and Constitutional commissions formed as per the Bonn Accords.
6. ELJ peacefully elects a president.
7. No recognized constitution exists.
8. The Bonn Agreement reinstates the 1964 Constitution, except the monarchy provisions.



An Afghan election official, left, teaches an Afghan refugee voting procedures for the presidential election in a polling station, October 2004.

AP/Wide World Photo

I/P #3: MEPI – DEMOCRACY AND FREEDOM IN THE NEAR EAST

Indicator #5: Status of Democracy in the Middle East

JUSTIFICATION (VALIDATION): The indicator measures free, fair, and competitive elections in the region.

FY 2005 PERFORMANCE	Target	Municipal elections in Tunisia are held as scheduled and are free and fair. Presidential elections in Yemen are held as scheduled and are free and fair.
	Results	<p>Elections that were scheduled to date have occurred and were free, fair and competitive. Unanticipated free and fair elections also occurred in Saudi Arabia. Saudi Arabia held its first municipal elections and elections are now scheduled in additional municipalities. Many other countries have scheduled elections and through Middle East Partnership Initiative (MEPI), the Department will work to ensure they are free, fair and competitive, including:</p> <ul style="list-style-type: none"> ● Senate elections in Tunisia, ● Parliamentary elections in Egypt, ● Parliamentary elections in Lebanon, ● Municipal and parliamentary elections in West Bank/Gaza.
	Rating	■ Above Target
	Impact	Holding free, fair, competitive elections is the first step in achieving participatory democracy and opens opportunity for increased democracy programming including political party and civil society strengthening.
PERFORMANCE DATA	Data Source	U.S. Embassy reports. International Republican Institute (IRI), National Democratic Institute (NDI), Freedom House.
	Data Quality (Verification)	The International Republican Institute and the National Democratic Institute are non-governmental organizations working internationally with extensive experience supporting democratic activities overseas. Performance data provided by IRI and NDI are widely regarded as reliable and authoritative.
PAST PERFORMANCE	2004	Presidential elections in Tunisia were held but were not contested. All other elections occurred and according to international observers were deemed to be free and fair. Constitutional Referendum held in Qatar.
	2003	<p>Free and fair elections to be held:</p> <ul style="list-style-type: none"> ● National elections in Bahrain. ● National elections in Yemen. ● Parliamentary elections in Jordan. ● National Assembly elections in Kuwait. ● Consultative Assembly elections in Oman. ● Municipal elections in Morocco. ● Municipal elections in Qatar.
	2002	<ol style="list-style-type: none"> 1. Algeria and Morocco - Parliamentary elections held as scheduled; mixed results for freedom and fairness but making progress. 2. Egypt - Local council elections held as scheduled; appeared free and fair but not politically significant. Significant increase in women candidates elected in Morocco.

Kurds celebrate the election of Iraqi President Jalal Talabani in Kirkuk, in northern Iraq, April, 2005.

AP/Wide World Photo



I/P #3: MEPI – DEMOCRACY AND FREEDOM IN THE NEAR EAST (continued)

Indicator #6: Status of Media Freedom in the Middle East

JUSTIFICATION (VALIDATION): Media freedom increases the free flow of information to citizens and is a central component of every person’s right to hold opinions without interference and to freedom of expression, including the freedom to seek, receive, and impart information and ideas through any media regardless of frontiers. Without these rights and freedoms, citizens are unable to make informed choices and changes in their societies.

FY 2005 PERFORMANCE	Target	1. Two additional NEA countries move into the “Partly Free” category and no other states lower their rankings. 2. Seven of eighteen countries have a “Partly Free” or “Free” media.
	Results	1. One additional NEA country moved into the “Partly Free” category and no other states lowered their rankings. 2. Three of eighteen countries have a “Partly Free” or “Free” media.
	Rating	■ Below Target
	Impact	The Department promotes democracy and freedom in several ways, including through media freedom, civil society development, judicial reform, and political party strengthening. This diversity of approaches lessens the impact of results that are below target in any single area. However, a lack of media freedom inhibits people’s access to information and news and makes them less able to make informed choices and changes in their societies.
	Reason for Shortfall	Freedom of the press is one of the last liberties that authoritarian regimes typically relinquish to the public. As democratic reforms increase in other areas across the region, improvement in media freedom is taking place at an increasingly uneven pace. Freedom House does not disaggregate different factors within media reform in its measure, so these uneven gains sometimes result in a few significant improvements hidden by a larger number of setbacks.
	Steps to Improve	The Middle East Partnership Initiative will focus its media professionalization program on four areas: media law, media management, strengthening media associations, and training senior media professionals. In addition, the Department will address government censorship, detention and arrest of journalists, and laws that inhibit the growth of independent media in high-level communications with those governments.
PERFORMANCE DATA	Data Source	Freedom House Press Freedom Survey; U.S. embassy reporting, annual Department Country Reports on Human Rights.
	Data Quality (Verification)	The data is verifiable through publicly available documents.
PAST PERFORMANCE	2004	Two of eighteen countries have a “Partly Free” or “Free” media.
	2003	Three of eighteen countries have a “Partly Free” or “Free” media.
	2002	Four of eighteen countries have a “Partly Free” or “Free” media.

I/P #4: DEMOCRATIC SYSTEMS AND PRACTICES IN EUROPE AND EURASIA

Indicator #7: Respect for Human Rights and Religious Freedom

NOTE: This indicator has been integrated into indicator #1, I/P #1: Engagement to Advance Democracy. See Appendix for details.

I/P #5: SUPPORT FOR INCREASED WOMEN’S POLITICAL AND ECONOMIC PARTICIPATION IN TRANSITIONAL AND POST-CONFLICT SOCIETIES

Indicator #8: The Level of Women’s Political and Economic Participation in Transition Societies, Particularly Afghanistan and Iraq

JUSTIFICATION (VERIFICATION): Women’s participation in key issue areas is an indication of women’s ability to assert their rights and interests. The rise of women to political office, positions of leadership in political parties, and other decision making positions is indicative of women’s increasing ability and capacity to participate in the political arena.

FY 2005 PERFORMANCE	Target	Ongoing initiatives in Afghanistan, Iraq, and Middle East grow to involve more women. Two or three new initiatives started by participants in each country.
	Results	<p>Afghanistan:</p> <ol style="list-style-type: none"> 3 women appointed to cabinet positions, one woman to sub-cabinet position, and 1 woman named provincial governor, the first in Afghanistan’s history. The U.S.-Afghan Women’s Council (USAWC), through Afghan Women Leaders Connect, provided computer equipment to women’s resource centers. USAWC, through Afghan Women Leaders Connect, provided funding for human rights awareness training to secondary school girls. USAWC meeting held in Kabul, with the participation of the First Lady. <p>Iraq:</p> <ol style="list-style-type: none"> Six women appointed to Cabinet in April 2005. Reported 67% of women voted. 87 women elected to Transitional National Assembly (TNA); women make up 33% of body, surpassing target of 25%; at least 25 women in TNA were trained under Initiative grants. Approximately 1,000 women trained as democracy master trainers under Iraqi Women’s Democracy Initiative. Initiative grantees establish 10 Women’s Centers of varying size and capacity; Centers provide programs in education, governance issues, and computers. 12 international Ministries of Women have rendered support through donations of training materials and offers of training.
	Rating	■ On Target
	Impact	Significant progress in women’s empowerment in Iraq, Afghanistan, and broader Middle East. Longer-term support will still be required to protect and expand these gains.
PERFORMANCE DATA	Data Source	Embassy reporting, U.S.-Afghan Women’s Council.
	Data Quality (Verification)	Information is crosschecked for accuracy with non-governmental organization reports, Freedom House’s Survey of Middle Eastern Women’s Rights, other reporting, and discussions with regional partners and public groups.

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I/P #5: SUPPORT FOR INCREASED WOMEN'S POLITICAL AND ECONOMIC PARTICIPATION IN TRANSITIONAL AND POST-CONFLICT SOCIETIES (continued)

Indicator #8: (continued)

PAST PERFORMANCE	2004	<p>Afghanistan:</p> <ol style="list-style-type: none"> 1. Women constituted 102 of the 500 members of Constitutional Loya Jirga. 2. 2004 Constitution provided for equality of all persons. 3. Women were 41% of all registered voters in October 2004 elections. 4. One woman campaigned for president (parliamentary elections postponed to 2005). 5. Funding for Afghan Women's Judges Association legal literacy project for high school girls secured from the Bureau of International Narcotics and Law Enforcement Affairs (INL). 6. USAWC partner provides partial funding (with INL) for training 4 Afghan women judges. Training provided by the International Association of Women Judges in June 2004. 7. Report to U.S. Congress submitted. 8. U.S.-Afghan Women's Council meets in June 2004 (Washington) and February 2004 (Kabul). 9. USAWC establishes Health Committee to create public/private partnerships for tackling key health issues for women and girls. <p>Iraq:</p> <ol style="list-style-type: none"> 1. \$10 million Iraqi Women's Democracy Initiative began disbursing 7 grants for training Iraqi women in political leadership, communications, and coalition-building skills. 2. Worked with Department of Defense, USAID, and Congressional Iraqi Women's Caucus to develop and implement initiative for 8-day training for Iraqi women political activists. 3. 6 women named to interim Iraqi Cabinet in May 2004 and 7 women to deputy minister positions. 4. The Transitional Administrative Law established equality for men and women.
	2003	<p>Afghanistan:</p> <ol style="list-style-type: none"> 1. USAWC begins giving grants to NGOs for microfinance, job skills training, political participation, literacy and other educational programs in Women's Resource Centers. <p>Iraq:</p> <ol style="list-style-type: none"> 1. Iraq in conflict. Women's rights not protected. <p>Post-Conflict:</p> <ol style="list-style-type: none"> 1. Big Idea Mentoring Initiative begins with Afghanistan. Afghan participants number 25-30, begin to conduct activities in 1-2 other regions. 2. Increased high-level U.S. Government support for Security Council Resolution 1325: Women and peace and security (adopted Oct. 31, 2000). U.S. Government support leads to enhanced involvement of women as planners, implementers, and beneficiaries of peace-building processes.
	2002	<p>Afghanistan:</p> <ol style="list-style-type: none"> 1. U.S. Government starts program to support inclusion of women in Afghan Government; 14 Afghan women government officials come to U.S. for job skills and computer training programs. Presidents Bush and Karzai decree creation of U.S.-Afghan Women's Council. <p>Iraq: N/A</p> <p>Post-Conflict:</p> <ol style="list-style-type: none"> 1. U.S. Government begins "Big Idea" initiative "Fostering Change in Post-Conflict Societies." Women in select post-conflict societies (Afghanistan, Balkans, Cambodia, Colombia, and the Democratic Republic of Congo) will participate in mentoring programs with U.S. women. 2. Initiative leads to enhanced leadership and business skills for women in these countries, helping them to become decision-makers, planners, and beneficiaries. Women express interest in mentoring and fundraising and attend follow-up discussion on next steps.

HUMAN RIGHTS & DEMOCRACY FUND (PART PROGRAM EFFICIENCY MEASURE)		
Indicator #9: Human Rights Democracy Fund (HRDF) and Partnership to Eliminate Sweatshops Program (PESP) Operating Costs divided by number of Grants and/or Projects Managed <i>Indicator revised. Please see Appendix for details.</i>		
JUSTIFICATION (VERIFICATION): Operating costs per project indicate the cost-effectiveness of HRDF and PESP management and account for efficiencies of scale.		
FY 2005 PERFORMANCE	Target	2005 Target = \$2,569 cost per project, according to new measure. The Bureau of Democracy and Human Rights (DRL) plans to manage 180 projects expending \$462,501 in operating costs.
	Results	FY 2005 result (as of mid-September) = \$2,179 cost per project. DRL managed 280 projects at the close of FY 2005 expending \$610,199 in operating costs.
	Rating	■ Above Target
	Impact	Although the efficiency measure is above target, efforts to fulfill DRL's program mission are hindered because democracy program increases have exceeded increases in staffing in administrative capacity.
PERFORMANCE DATA	Data Source	DRL budget information or programming unit information.
	Data Quality (Verification)	Result is directly calculated from DRL resource data.
PAST PERFORMANCE	2004	N/A. Indicator measures revised in FY 2005.
	2003	N/A.
	2002	N/A.

President Bush and U.N. Secretary-General Kofi Annan participate in the launch of the United Nations Democracy Fund during the 2005 World Summit at the U.N. headquarters in New York, September, 2005.

AP/Wide World Photo



**FREEDOM SUPPORT ACT (FSA)-SUPPORT FOR EAST EUROPEAN DEMOCRACY (SEED)
(PART PROGRAM EFFICIENCY MEASURE)**

Indicator #10: Percent of FSA and SEED country programs with timeline of greater than 24 months between the obligation of funding and expenditure at the of the end of the fiscal year

Indicator revised. Please see Appendix for details.

JUSTIFICATION (VERIFICATION): The avoidance of long lags of time between obligation of funds and expenditure demonstrates the efficiency of the State Department’s Office of the Coordinator of U.S. Assistance to Europe and Eurasia (EUR/ACE) in determining appropriate funding levels for specific countries and specific programs, based on each country’s absorptive capacity and each program’s ability to utilize funding in a timely and efficient manner. EUR/ACE looks at obligation data broken out by country and program to see whether specific programs are over- or under-budgeted, as well as how efficiently each implementing agency is managing its funding allocation.

FY 2005 PERFORMANCE	Target	4.8% (1 out of 21 country programs) of programs take greater than 24 months to start up. <i>(Revised. See Appendix for explanation.)</i>
	Results	Data from the first three quarters of FY 2005 indicates that none of the country programs will have a lag time greater than 24 months.
	Rating	■ Above Target
	Impact	Less time between obligation of money and its expenditure helps the State Department more effectively respond to and support democracy and economic development activities overseas.
PERFORMANCE DATA	Data Source	Financial data submitted by U.S. Government agencies implementing FSA and/or SEED programs.
	Data Quality (Verification)	Implementing agency financial data submissions are compared to EUR/ACE internal budget planning documents and previous submissions from each agency to ensure reliability.
PAST PERFORMANCE	2004	0% (0 out of 21 country programs).
	2003	4.8% (1 out of 21 country programs).
	2002	(Tracking database was not in place yet.)



Secretary Rice speaks to the press at the March 2005 release of the Department’s “Supporting Human Rights and Democracy: The U.S. Record 2004 – 2005.”

State Department Photo

PERFORMANCE GOAL 2

UNIVERSAL STANDARDS INCREASE RESPECT FOR HUMAN RIGHTS, INCLUDING THE RIGHTS OF WOMEN AND ETHNIC MINORITIES, RELIGIOUS FREEDOM, WORKER RIGHTS, AND THE REDUCTION OF CHILD LABOR

**I/P #6: BILATERAL AND MULTILATERAL DIPLOMACY
(PART PROGRAM)**

Indicator #1: Percentage of Priority U.S.-Supported Resolutions Adopted by the UN Commission on Human Rights (CHR)

JUSTIFICATION (VERIFICATION): As the UN’s primary forum on human rights, the CHR’s actions on country-specific resolutions demonstrate how the international community deals with the most serious human rights abusers. CHR resolutions on democracy reinforce the interrelationship between human rights and democracy and strengthen the legitimacy of human rights and democracy development efforts in non-democratic countries.

FY 2005 PERFORMANCE	Target	80% of U.S.-supported resolutions are adopted.
	Results	<p>Despite the fact that the Secretary General and member states decried the UNCHR’s declining credibility, the U.S. Government achieved virtually all of its priority objectives at the 2005 session of UN Commission on Human Rights. Together with its allies the United States defeated efforts to pass no-action motions and adopted resolutions on freedom of association, democracy, and the human rights situations in Cuba, Belarus, North Korea, and Burma. The U.S. and its allies secured passage of resolutions that supported human rights technical assistance but also condemned the human rights situations in Sudan and Nepal. International condemnation of anti-Semitism was referenced in a resolution on religious intolerance, and the CHR also defeated a resolution introduced by Cuba on detainees at Guantanamo.</p> <p>The United States agrees that the CHR lacks sufficient ability to pass meaningful resolutions that tangibly help in the promotion and protection of human rights. The United States successfully negotiated a Heads of State Communiqué (Outcome Document) with UN member states to replace the existing CHR with a new Human Rights Council. The new Human Rights Council will ensure that sufficient safeguards and minimum criteria are put in place to deter violators from seeking election and from being able to secure the necessary votes.</p>
	Rating	■ Above Target
	Impact	U.S. Government activities ensured that international pressure and scrutiny would continue on countries with serious human rights problems. Resolutions on Nepal and Sudan resulted in human rights monitors on the ground in both countries. Resolutions on Cuba, Belarus, North Korea and Burma gave support to people in those countries fighting for their freedoms and maintained international pressure for democratic reform. In addition, the U.S. initiative on the Freedom of Association resolution consolidates the international community’s commitment on this issue and empowers individuals to demand that governments respect this right.
PERFORMANCE DATA	Data Source	U.S. cables and United Nations High Commissioner for Human Rights reporting. CHR voting record.
	Data Quality (Verification)	Data quality depends on reporting cables by US embassies, especially the U.S. Mission in Geneva, and by the CHR. Commission votes are a matter of public record.
PAST PERFORMANCE	2004	80% of key U.S.-supported resolutions were adopted. They were similar to resolutions adopted in 2003. The Department also succeeded in forcing Cuba to withdraw a resolution critical of U.S. Government treatment of detainees at Guantanamo. With regard to setbacks, a resolution on Chechnya was defeated and two others on China and Zimbabwe were blocked; a measure on Sudan that was opposed by the U.S. for being too weak passed.
	2003	In 2003, CHR passed U.S.-sponsored resolutions on Cuba, North Korea, Belarus, Turkmenistan, Burma, and Iraq. However, resolutions on Chechnya, Sudan and Zimbabwe were defeated. The Department took a strong stand against Libya’s chairmanship of the CHR, and succeeded to block a special sitting on Iraq, despite a strong anti-U.S. bloc of Muslim countries and some EU states.
	2002	This indicator was not tracked because the U.S. was not a member of the CHR in 2002. It was re-elected as a member for 2003.

I/P #6: BILATERAL AND MULTILATERAL DIPLOMACY (continued)

Indicator #2: Number of CHR States with Negative Human Rights Records

JUSTIFICATION (VALIDATION): Election to the CHR of democratic states with good human rights records will demonstrate the importance placed by the international community on human rights issues. Fewer human rights abusers on the CHR means fewer countries able to thwart CHR scrutiny of themselves and other violators.

FY 2005 PERFORMANCE	Target	Less than 16 CHR Member States have negative human rights records.
	Results	15 CHR Member States have negative human rights records.
	Rating	■ On Target
	Impact	<p>Although there has been some success to convince democracies to run for the CHR, the worst abusers still have seats. Regional voting patterns on the Commission have not changed. At the elections for the 2005 Commission on Human Rights, the UN Economic and Social Council elected Sudan to the CHR, despite ongoing genocide occurring in Sudan's western Darfur region. The United States walked out of the voting in protest.</p> <p>The United States will continue to work with the UN Democracy Caucus member countries to support the candidacies of democratic countries and to oppose the candidacies of non-democratic states. In addition, as the U.S. Government negotiates the structure of the new Human Rights Council, it will ensure that sufficient safeguards and minimum criteria are put in place to deter bad actors from seeking election and from being able to secure the necessary votes.</p>
PERFORMANCE DATA	Data Source	CHR votes, documents for membership totals; State Department and other human rights reports to determine "negative records".
	Data Quality (Verification)	General statements reflect the record, but judgments about mixed human rights records are open to subjective interpretations.
PAST PERFORMANCE	2004	Australia replaces Libya as CHR chair for 2004, by acclamation, after vigorous diplomatic effort. Membership for 2005 yet to be determined; Western countries negotiating a rotation plan for CHR membership. The U.S. Government and CHR membership endorsed Indonesia in 2005, with U.S. Government taking into account Indonesia's role as the world's largest Muslim democracy.
	2003	Sixteen member states with negative records.
	2002	The U.S. was not a CHR member in 2002. It was re-elected in 2003 and began work to change CHR membership to exclude human rights abusers.



Assistant Secretary of State for Western Hemisphere Affairs Thomas Shannon, left, talks with U.S. Ambassador in Nicaragua, Paul Triveli, during a news conference in the Presidential House in Managua, Nicaragua, October, 2005. AP/Wide World Photo

I/P #7: PROMOTE INTERNATIONAL RELIGIOUS FREEDOM

Indicator #3: Level of Engagement with Foreign Governments and NGOs to Promote and Advocate on Behalf of Religious Freedom in Keeping with Foreign Policy Directives such as the International Religious Freedom Act (IRFA)

JUSTIFICATION (VALIDATION): Policy goals, reporting requirements, and performance indicator established by the International Religious Freedom Act. Meetings, agreements and documented movement by countries toward greater religious freedom validate progress toward IRF goals.

FY 2005 PERFORMANCE	Target	<ol style="list-style-type: none"> The U.S. builds a coalition of like-minded countries that actively cooperates to promote international religious freedom issues in multilateral forums. More prisoners are released because of U.S. Government intervention. At least two additional bilateral or regional international religious freedom initiatives are undertaken laying the groundwork for significant policy changes in those countries or regions. <p>(Revised. See Appendix for explanation.)</p>
	Results	<ol style="list-style-type: none"> Initiative begun with Saudi Arabia on religious freedom issues; efforts on Uzbekistan and Eritrea as part of broader international efforts on human rights in those countries; continued religious freedom dialogue with China. Religious prisoners were released in Vietnam, Saudi Arabia, China, and other countries. Intensive diplomacy with Vietnam resulted in a binding agreement. Commitments were secured on religious freedom in key areas of concern. Initial work by international religious freedom Office to explore possibilities for working on religious freedom issues in appropriate multilateral forums, including the UN.
	Rating	 Below Target
	Impact	<ol style="list-style-type: none"> Initiatives with Vietnam and Saudi Arabia significantly raised the profile of religious freedom issues in these countries. Efforts to develop constructive working relationships with the EU, the UN Special Rapporteur on Religious Freedom, and the OSCE have improved multilateral cooperation on religious freedom. Successful U.S. diplomatic efforts to win release of religious prisoners has discouraged the practice of imprisonment in some countries; demonstrated U.S. commitment to religious communities to address the issue; and opened an avenue for talks on systemic changes that may help remove the threat of imprisonment on religious grounds.
	Reason for Shortfall	Bilateral initiatives (Vietnam, Saudi Arabia, Eritrea, Uzbekistan, China, Russia, and others) proved to be more labor-intensive than initially anticipated. Production of the Congressionally-mandated Annual Report on Religious Freedom took personnel away from other priority initiatives because staffing was not at full complement.
	Steps to Improve	IRF is in the process of hiring additional staff, which may include 1-2 people who would be devoted full time to multilateral initiatives.
PERFORMANCE DATA	Data Source	<i>International Religious Freedom Report</i> and the <i>Country Reports on Human Rights Practices</i> ; field assessments by U.S. embassy officials and Bureau of Democracy and Human Rights officers; meetings with members of religious groups, non-governmental organizations, and other knowledgeable observers.
	Data Quality (Verification)	Data and methodology are available to the public for verification. Reporting from U.S. embassies, State Department analysts, and non-governmental entities is crosschecked to ensure accuracy.

Continued on next page

I/P #7: PROMOTE INTERNATIONAL RELIGIOUS FREEDOM (continued)

Indicator #3: (continued)

PAST PERFORMANCE	2004	<ol style="list-style-type: none"> 1. Negotiations with Turkmenistan result in decriminalization of religious practice, repeal of oppressive registration laws, and the registration of previously outlawed religious groups. 2. Religious prisoners freed in Laos, Vietnam, China, Egypt, Eritrea, Turkmenistan and other countries. Increased interfaith dialogue, inter-religious cooperation, and redress of some religious property grievances in Sudan. 3. Important constitutional guarantees for religious freedom achieved in Afghan Constitution and Iraqi Transitional Administrative Law. 4. High quality report released, accepted by international community as accurate and balanced. 5. Meetings with officials of UK, Canada, France, Australia, Argentina, Italy, UN agencies, and others to develop allies in promoting IRF. Coordination with DRL/ Office of Multilateral Affairs and International Organizations in advancing religious freedom in multilateral settings.
	2003	<ol style="list-style-type: none"> 1. IRF concerns were raised by the Department in bilateral and multilateral meetings. 2. IRF officers initiated engagement on promoting religious freedom in Afghanistan and Iraq. 3. Posts increased engagement on IRF issues, producing for the most part excellent country reports for the International Religious Freedom Report to Congress. 4. The IRF ambassador and officers were instrumental in facilitating the removal of people persecuted for their faith from harm's way. 5. The Ambassador-at-Large and staff visited China, Vietnam, and Saudi Arabia for repeated trips.
	2002	<ol style="list-style-type: none"> 1. Continuing U.S. influence on some religion legislation. 2. Some religious prisoners released; some religious refugees assisted.

Equality in Iraq

Thousands of Iraqi women participated in the January 2005 electoral process by receiving training and serving as election monitors. They also ran as candidates and won 87 seats in the Iraqi National Assembly constituting 31% of all Assembly members. The new cabinet includes six women ministers out of a total of 33 ministers. Women occupy approximately 25% of the seats of the elected Provincial Councils as well.

In April 2005, the Department's Iraqi Women's Democracy Initiative, a flagship initiative dedicated to the advancement of Iraqi women, supported an intensive, five-day training conference in Amman, Jordan, that brought together 150 Iraqi women from all ethnic, religious, and regional backgrounds. The training covered political, economic, and media skills. As an outcome of the training, participants formed committees on constitutional review, media, democracy education, and women's legal issues to inform the drafting of Iraq's permanent constitution.



Female Iraqi election officers count absentee votes at a counting center, January, 2005. AP/Wide World Photo

**I/P #8: LABOR DIPLOMACY AND ADVOCACY FOR WORKERS' RIGHTS
(PART PROGRAM)**

Indicator #4: Number of Public-Private Partnerships to Advance Respect for Human Rights

JUSTIFICATION (VALIDATION): Evaluation of Bureau of Democracy and Human Rights partnership to eliminate sweatshops will provide an indication of where worker rights violations have decreased and where more focus is necessary. Progress of Voluntary Principles to encourage multinationals to help advance human rights and the Partnership to Eliminate Sweatshops Program (PESP) and other programs indicates areas where the private sector is engaged in upholding standards.

FY 2005 PERFORMANCE	Target	Harmonization of codes by non-governmental organizations (NGOs) leads to increased number of factories monitored. Local capacity to enforce labor laws strengthened in China and Thailand. Initiative to promote education on worker rights established in China.
	Results	Multi-Stakeholder Initiative began implementation of common code in apparel factories in Turkey – widespread interest in progress given need for code consolidation. Local capacity in China and Thailand increased through work on labor law institute. China Training Initiative established.
	Rating	■ On Target
	Impact	Activities to increase respect for rights of workers in factories supplying U.S. markets fostered democratic workplaces and advanced U.S. foreign policy objectives of improving labor rights abroad. Establishment of China Training Initiative led to an increase in awareness of best practices on management-worker relations, which in turn increased respect for labor rights in factories producing goods for U.S. markets.
PERFORMANCE DATA	Data Source	Periodic meetings with non-governmental organizations and industry, attendance of conferences where DRL programs are discussed, site visits by DRL officers, embassy reporting and record keeping on assistance and cooperative projects. USAID Reports.
	Data Quality (Verification)	Data quality dependant on the number of businesses and NGOs involved in the program. Widespread interest in participation in DRL programs ensures that a sufficient source of information is available to verify data.
PAST PERFORMANCE	2004	<ol style="list-style-type: none"> Increasing numbers of companies are adopting and implementing codes of conduct; compliance with existing codes improved through PESP programs. In-country process in Indonesia has been re-started after hiatus caused by Bali bombings. Companies are proceeding in integration and implementation in many countries, Angola being one. New companies include Amerada Hess, BHP Billiton, and BC Group. Harmonization program approved and notified. Funded initiatives include the China Training Initiative, a China working group project focused on Small to Medium Enterprises and developing a Chinese business school Corporate Social Responsibility curriculum, and a Toy Industry of America training initiative - all focused on developing sustainable, multi-stakeholder approaches to improving labor conditions in China.
	2003	<ol style="list-style-type: none"> Programs funded to educate workers on rights and pilot program developed to address labor conditions in select factories in China and in forty-two other countries. Method to track labor violations not developed. Once this is developed, the Department will be able to track progress and more fully report on target two. PESP projects showing progress in Central America.
	2002	<ol style="list-style-type: none"> Occidental Petroleum, Exxon Mobil, PaxChristi and the Government of Norway joined VPs. First security managers' workshop conducted. In-country briefings in Colombia. Voluntary Principles and PESP programs contributed to greater respect for worker rights in Central America and Philippines. PESP program contributed to workers empowerment enabling negotiation of agreed framework in Costa Rica and Guatemala.

**I/P #8: LABOR DIPLOMACY AND ADVOCACY FOR WORKERS' RIGHTS
(PART Program) (continued)**

Indicator #5: Compliance with International Labor Obligations

JUSTIFICATION (VALIDATION): Compliance with international labor obligations is a strong indicator of respect for workers' rights and is a key indicator of a country's respect for human rights. Compliance is defined to mean whether or not a country has ratified and implemented the relevant International Labor Organization (ILO) conventions for the core labor standards. Core labor standards include the right to free association and to bargain collectively, elimination of child labor, elimination of forced labor, combating discrimination in employment in the workplace on the basis of ethnicity, religion, race or gender.

FY 2005 PERFORMANCE	Target	Formal complaints and petitions continue to decline. New Free Trade Agreements (FTAs) or other international trade or financial agreements expand number of trading partners implementing and enforcing worker rights.
	Results	New labor code in Oman and formation of first workers' committees in that country, new child labor law in United Arab Emirates (UAE), elections of first workers' committees in Bangladesh export processing zones.
	Rating	■ On Target
	Impact	The Department moves closer to the desired outcome of respect for internationally recognized worker rights worldwide. Countries that generally respect core internationally recognized worker rights tend to be more democratic, prosperous, and stable than those that do not.
PERFORMANCE DATA	Data Source	Department of State <i>Country Reports on Human Rights Practices (CRHRPs)</i> , International Confederation of Free Trade Unions (ICFTU) reports including <i>Annual Survey of Violations of Trade Union Rights</i> , ILO online <i>NATLEX</i> and <i>ILOLEX</i> databases and other ILO reports, Department of Labor's (DOL) online <i>WebMILS</i> database, and diplomatic and media reporting. The Department does not collect statistics on the number of formal complaints and petitions because the number of petitions double-counts the number of violations in some countries while undercounting it in others; the number is subject to manipulation for political purposes; and the absence of complaints may mistakenly give the impression of the absence of worker rights violations.
	Data Quality (Verification)	The <i>CRHRPs</i> and the ICFTU <i>Annual Survey</i> are periodic sources of systematically descriptive country-specific information about respect for core internationally recognized worker rights in law and practice, incorporating information from many other sources. The ILO's <i>NATLEX</i> provides comprehensive country-specific information about law but not about practice. DOL's <i>WebMILS</i> database, which seeks to provide country-specific information that integrates all publicly available sources of information regarding respect for worker rights, remains under development. Diplomatic and media reporting and <i>ILOLEX</i> documents are mostly occasional, generated in response to specific events, problems or complaints.
PAST PERFORMANCE	2004	Creation of trade unions in Bahrain, parliamentary approval of a law in Bangladesh allowing workers in export processing zones to organize, and rebirth of independent trade unions in Iraq.
	2003	Significant Human Rights and Democracy Fund and Department of Labor/Bureau of International Labor Affairs projects dealing with worker rights begun in China. Notable improvements in worker rights made in Cambodia. Continuing improvement in Bahrain and Saudi Arabia. For example, <ul style="list-style-type: none"> ● Nineteen new labor unions were formed in Bahrain after the 2002 adoption of a groundbreaking labor law. ● Labor committees authorized in Saudi Arabia. ● Key ILO conventions ratified by Syria, Sudan and Lebanon. Labor clauses in all initial versions of the trade agreements were under negotiation: free trade agreements with the South African Customs Union, Thailand, Panama and the Andean Free Trade Agreement Group.
	2002	Baseline: <ol style="list-style-type: none"> 1. Established national plans for the elimination of child labor in Muslim countries. 2. Increased acceptance of ILO issues in the Muslim world.

ECONOMIC SUPPORT FUND (PART PROGRAM EFFICIENCY MEASURE)

Indicator #6: Percentage of Economic Support Funds (ESF) That Have Been Obligated Four Months After the Bureau of Western Hemisphere Affairs (WHA) Receives Its Final Line Item Allocations¹

JUSTIFICATION (VALIDATION): WHA and USAID (as implementer) can improve the internal processing of ESF funds by tracking the amount of time it takes to obligate funds once WHA has received its final allocations. Moving the funds more efficiently means they can reach the intended beneficiaries more quickly. Since WHA is unable to predict when the appropriations bill will be signed and when it will receive the final line item allocations from the Deputy Secretary, WHA and USAID measure efficiency from the time the funds are available to be obligated for use in the field. Future targets will reflect WHA's desire to increase the percentage of funds obligated within a fixed period of time (4 months after submission of the 653(a) report).

FY 2005 PERFORMANCE	Target	50%.
	Results	10%.
	Rating	■ Significantly Below Target
	Impact	The amount of time it takes WHA and USAID to obligate funds once line item allocations have been received determines when ESF programs can be implemented. The sooner WHA is able to obligate funds, the faster the region will benefit from these programs.
	Reason for Shortfall	The target was not met until the sixth month after receipt of line item allocations due to the late issuance of new funding guidance and submission formats.
	Steps to Improve	This situation was unique and due to circumstances beyond WHA's control.
PERFORMANCE DATA	Data Source	This data is calculated by tracking dollar amounts in WHA and USAID obligation memos, which drive program implementation.
	Data Quality (Verification)	Internal processes and procedures ensure the reliability and accuracy of the data, which is calculated annually. The date of calculation varies as it is determined by the receipt of line item allocations.
PAST PERFORMANCE	2004	40%.
	2003	Baseline: 30%.
	2002	N/A.

¹ Moved in FY 2005 from Chapter Eight, "Economic Prosperity," Performance Goal 1, Indicator #5. The focus of projects covered under this indicator now primarily fall under democracy and human rights rather than economic development.



Women work at selecting beans for exporting to the Mexican market at the Lafise Agri-Products in El Crucero, about 30 kilometers south of Managua, Nicaragua, May, 2005.

AP/Wide World Photo

STRATEGIC OBJECTIVE #2: ADVANCE SUSTAINABLE DEVELOPMENT AND GLOBAL INTERESTS

STRATEGIC GOAL 8: ECONOMIC PROSPERITY AND SECURITY

Strengthen world economic growth, development, and stability, while expanding opportunities for U.S. businesses and ensuring economic security for the nation

I. Public Benefit

National security and global economic prosperity are inextricably linked and must be addressed jointly. Continued economic prosperity for the United States cannot be assured in the absence of prosperity, freedom, and economic opportunity worldwide. Our successes in opening markets through ambitious trade and investment agendas, in multiplying development efforts through private sector participation and recipient country accountability, and in supporting U.S. businesses through outreach and advocacy, build prosperity and security at home and abroad. We work closely with other agencies, businesses, labor groups, and NGOs to build a strong and dynamic international economic system that creates new opportunities for American business, workers, and farmers. We have made great strides in advancing national security and economic prosperity. As the war against terrorism has become central for U.S. foreign policy, we have focused on increasing U.S. economic security by supporting front-line states, tightening the noose around terrorist financing, increasing energy security, and improving the security of our transportation and information networks.

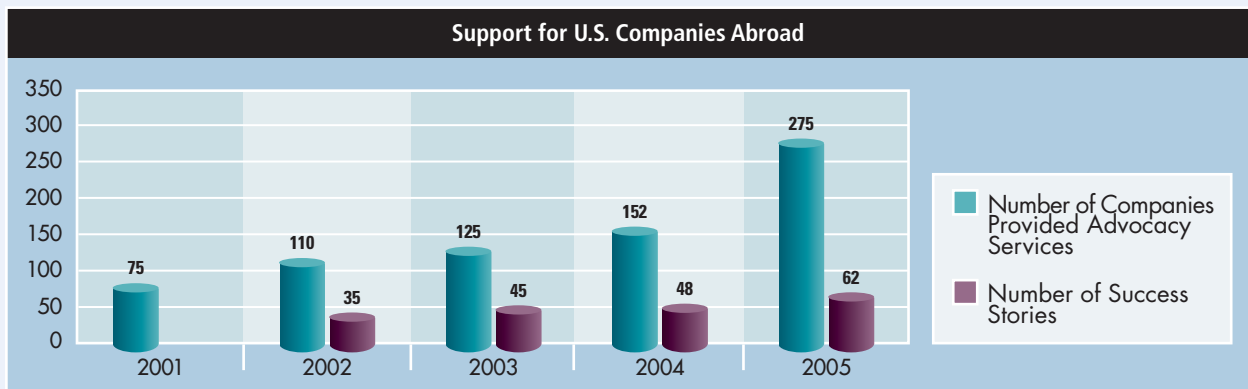
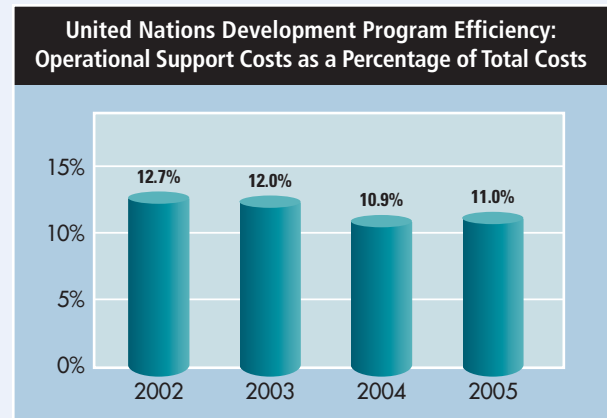
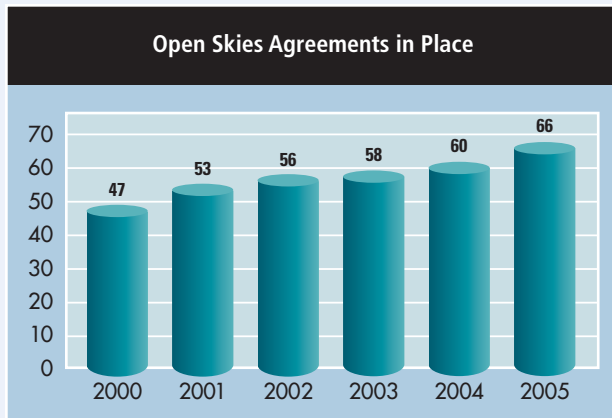


Under Secretary for Economic, Business, and Agricultural Affairs Josette Shiner and Japanese Deputy Foreign Minister Yabunaka answer questions at the State Department. State Department/Ann Thomas

Greater prosperity abroad creates new jobs and higher incomes for Americans and citizens of other countries. Expanded trade is a powerful driving force for growth and development, and the Department is at the forefront of advancing our trade and investment agenda through bilateral, multilateral, and regional diplomatic efforts. We promote prosperity through market-expanding trade, aviation, telecommunication, and investment agreements, through international cooperation to promote flexible energy markets and sound financial markets, by fighting bribery and corruption, and through assisting developing countries to govern wisely and create favorable climates for trade and investment. Official development assistance can play an important role in helping countries on the road to economic prosperity and political stability. Our deep and comprehensive economic engagement with developing countries - through trade, investment, assistance, and debt relief - enhances the prosperity and security of those countries, and therefore our own.

Working closely with allies and major donors to assist countries recovering from conflict and natural disasters on the path to reconstruction and sustained economic growth is an important part of our efforts to expand the circle of economic prosperity. For example, the Department coordinated several successful donors' conferences in support of Iraq, negotiated a \$32 billion debt relief package for Iraq and is assisting that country to conclude arrangements with non-Paris Club creditors. In addition to our work on Iraq, the Department works on reconstruction in post-conflict or post-disaster situations, serving the vital role of coordinating relevant agencies and donors. Beginning in December 2004, we coordinated U.S. Government reconstruction assistance after the Indian Ocean Tsunami with a dozen U.S. Government agencies, over fifty NGO and private sector groups, and fifteen top bilateral and multilateral donors.

II. Selected Performance Trends



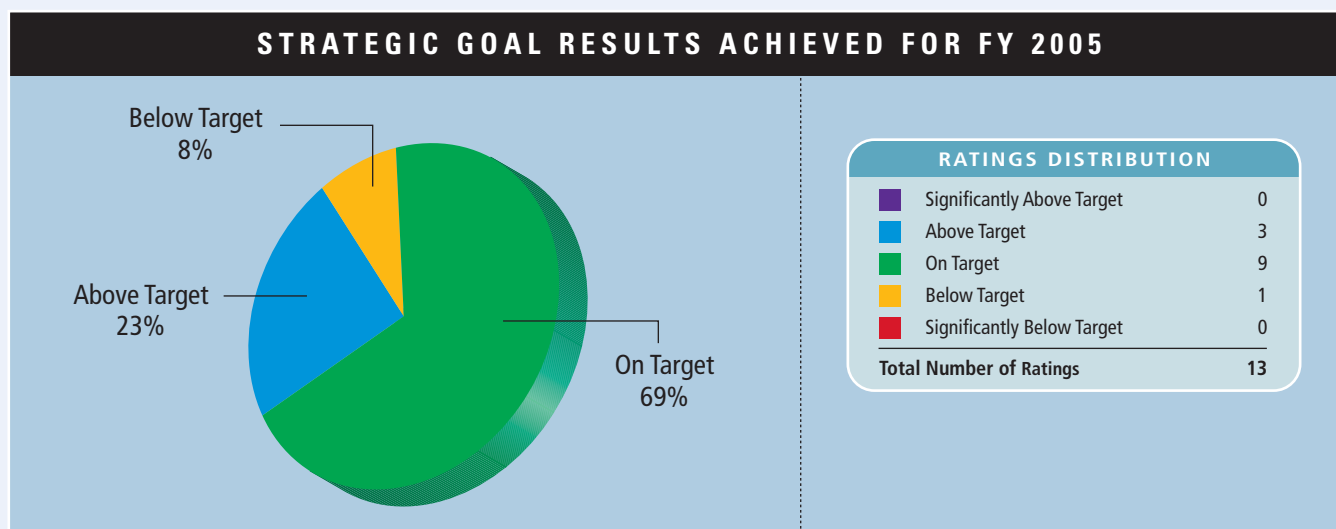
III. Strategic Context

This strategic goal is supported by four performance goals. Shown below are the major initiatives/programs, resources, bureaus, and partners that contribute to accomplishment of the strategic goal. Acronyms are defined in the glossary at the back of this publication.

Strategic Goal	Performance Goal (Short Title)	Initiative/Program	Major Resources	Lead Bureau(s)	External Partners
Economic Prosperity and Security	Economic Growth and Development	Development Strategies	D&CP, ESF, DA	EB, IO	USAID, Treasury, DOC, USDA, EXIM, OPIC, TDA, USTR, IMF, World Bank, Regional Development Banks, UNDP, ILO, WTO, OECD, UNCTAD, UNICEF, FAO, G-8
	Trade and Investment	Create Open and Dynamic World Markets	D&CP, ESF, DA	EB	USTR, Treasury, DOC, DOT, USDA, TDA, USAID, WTO, OECD, international institutions, private sector and NGOs
	Secure and Stable Markets	Secure Energy Supplies	D&CP	EB	DOE, International Energy Agency, foreign governments
		Stable Financial Markets	D&CP	EB	Treasury, IMF, World Bank, OECD, Regional Development Banks
	Food Security and Agricultural Development	Accomplishment of this performance goal is the responsibility of USAID, and is therefore not reported in the Department of State's FY 2005 Performance Summary.			

IV. Performance Summary

The chart below shows the performance rating distribution of the FY 2005 results for the Economic Prosperity and Security strategic goal.



V. Performance Analysis

PERFORMANCE TRENDS. Much of the Department’s performance in promoting economic prosperity depends on the success of its negotiations, whether in multilateral settings, in bilateral discussions with other countries, or on behalf of individual U.S. companies. Particularly noteworthy is the Department’s success leading the United Nations to affirm that the promotion of economic freedom through anti-corruption efforts and improved investment climates is central to economic growth. However, in FY 2005, the Department’s negotiations achieved mixed results overall. The Doha round of multilateral trade negotiations remained behind schedule due to the breakdown in talks in September 2003; in FY 2005, negotiations accelerated but remained short of an agreement. The Department conducted bilateral trade negotiations with five countries in FY 2005, none of which have reached a conclusion.

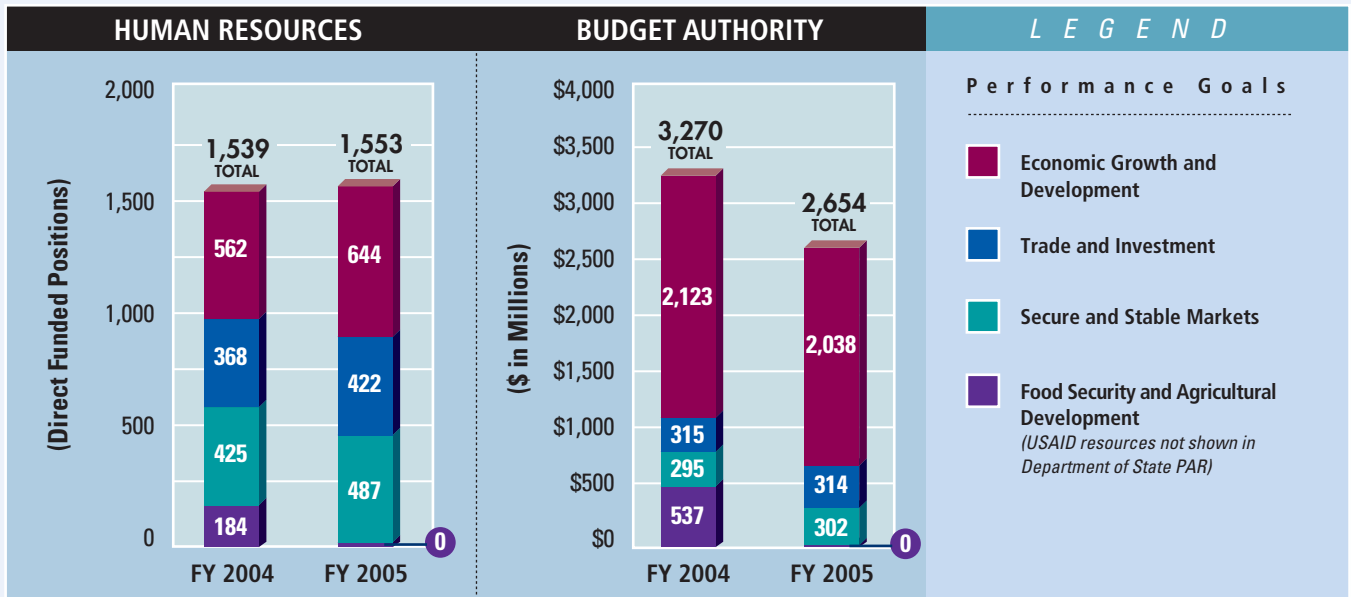
OUTCOME-LEVEL RESULTS. The Department remained actively engaged with other countries to press for fewer restrictions on private enterprise and more open markets as necessities for greater prosperity. Although it realized few tangible results toward these outcomes in multilateral settings, debt crisis countries and Millennium Challenge Account-eligible and threshold countries have continued to reform and remove barriers to entrepreneurship and economic freedom.

RESULTS SIGNIFICANTLY ABOVE OR BELOW TARGET. Two results were significantly above target, although below-target results within the same indicators somewhat offset the gains in both cases. In its efforts to liberalize transportation, the Department successfully negotiated more open-skies agreements, but it did not meet its target for other types of transport liberalization. The Department also increased its advocacy on behalf of U.S. businesses by approximately 81%, although the success rate fell from 31.5% in FY 2004 to 22.5% in FY 2005.

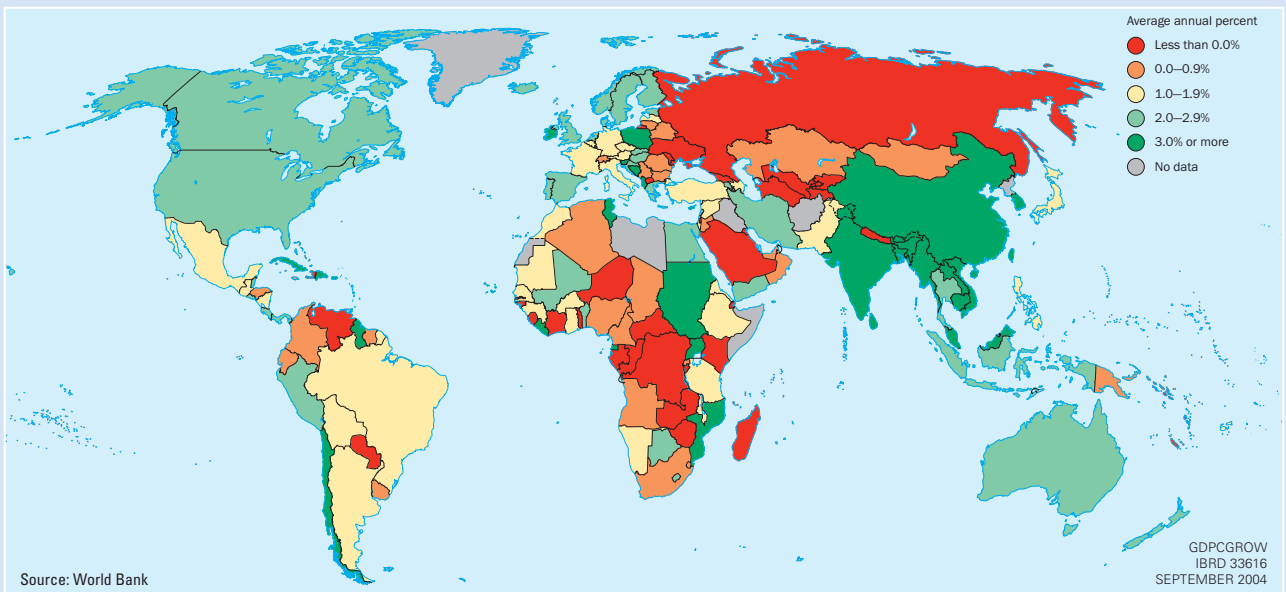
RESOURCES INVESTED. Much of the Department’s activity on behalf of economic freedom and prosperity takes place within the context of international organizations. Overall, U.S. contributions to these organizations remained steady in FY 2005, although the

situations vary from organization to organization. U.S. funding for the Asia-Pacific Economic Cooperation forum increased by six percent, while the World Trade Organization received a larger increase of 19.5% (for a projected FY 2005 total of \$22,223,000). Meanwhile, the Organization for Economic Cooperation and Development (OECD) received five percent less from the U.S. in FY 2005, for a projected total of \$81,785,000.

VI. Resources Invested

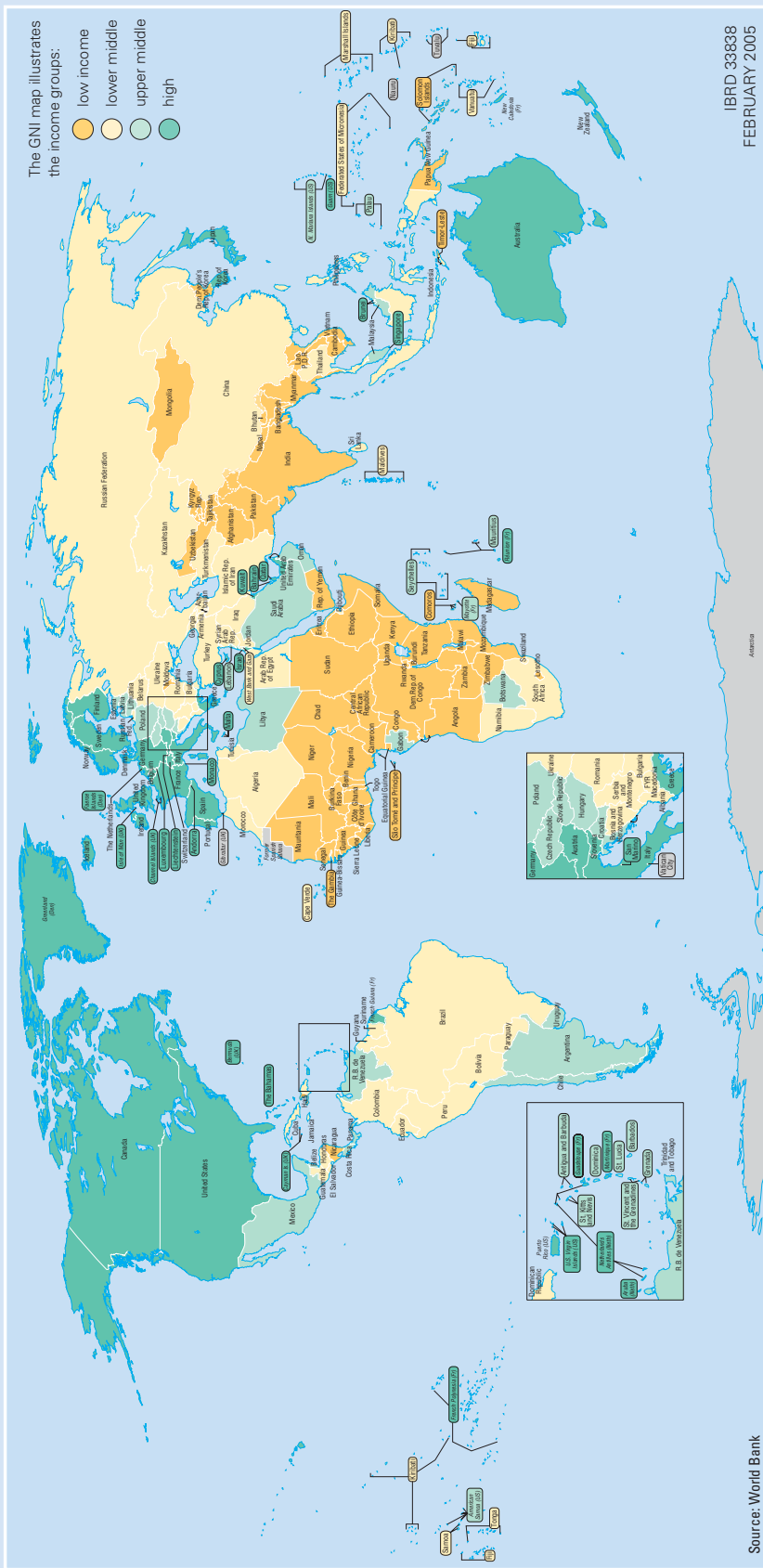


ANNUAL GROWTH IN GROSS DOMESTIC PRODUCT (2003 TO 2004)





PER CAPITAL GROSS NATIONAL INCOME



VII. Performance Results

PERFORMANCE GOAL 1

INSTITUTIONS, LAWS, AND POLICIES FOSTER PRIVATE SECTOR GROWTH, MACROECONOMIC STABILITY, AND POVERTY REDUCTION

INITIATIVE/PROGRAM (I/P) #1: DEVELOPMENT STRATEGIES

Indicator #1: Reduce the number of days to start a business in Millenium Challenge Account (MCA) eligible and threshold countries as reported in the World Bank's Annual "Doing Business" Report
Indicator revised. Please see Appendix for details.

JUSTIFICATION (VALIDATION): A number of G8 initiatives, and overall U.S. Government development policy, work actively to reduce barriers to economic growth and are well reflected in the number of days to start a business measure. The work of the G8 and developing countries' focus on the World Bank's annual assessment of obstacles to growth, coupled with the rewards of the MCA combine to motivate changes in the business climate. This is but one of many indicators showing a commitment to future economic growth, however this particular indicator reflects the government's commitment to increase economic prosperity.

FY 2005 PERFORMANCE	Target	Lower the median number of days to start a business in Millenium Challenge Corporation (MCC) eligible and threshold countries by 5% to 43 days.
	Results	42 days.
	Rating	■ On Target
	Impact	A reduction in the number of days to start a business directly reflects the government's commitment to increase economic prosperity by removing obstacles to economic growth.
PERFORMANCE DATA	Data Source	The World Bank's "Doing Business" Report.
	Data Quality (Verification)	The World Bank's "Doing Business" Report is published annually and the index's methodology is well known and respected. However, there is a lag time in the publication of the annual data due to its collection being extensive and time consuming. The 2006 report reflects data as of January 2005 (2004 data). This is the most current data available to assess the progress in number of days to start a business.
PAST PERFORMANCE	2004	The target, determined in FY 2006, is different than what is currently being used, Average Developing Country Growth Competitiveness Index. Thus, new targets and results have been established. Baseline median days to start a business in MCC eligible and threshold countries are 45.
	2003	Index of 3.80 in Growth Competitiveness Index.
	2002	Index of 3.82 in Growth Competitiveness Index.

Indicator #2: Corporate Restructuring in Japan

NOTE: This indicator has been deleted, please see Appendix for details

I/P #2: SCIENCE-BASED DECISION-MAKING AND STANDARDS DEVELOPMENT

Indicator #3: Effectiveness of Contacts Between Science and Technology Communities and Policymakers

JUSTIFICATION (VALIDATION): Increased contacts between Science and Technology (S&T) communities and policymakers help to foster S&T international collaboration, including with Islamic nations, to encourage the use of sound science for decision-making, regulation, transborder movement of research materials, information, and equipment, and regulation of and increased trade in information technologies, agrobiotechnology commodities, energy and environmental technologies, and space products and services.

FY 2005 PERFORMANCE	Target	<ol style="list-style-type: none"> 1. European Union (EU) barriers to ag-biotech field tests and commodities trade are eliminated. 2. World Summit on Sustainable Development activities in water and energy are fully ingrained in UNESCO program of work. 3. S&T ag-biotech initiative launched with Asia. 4. Exports of space imagery and satellite services continue to increase. 5. Low emission energy technology sales continue to rise. 6. The International Thermonuclear Experimental Reactor (ITER), a fusion energy project, begins construction.
	Results	<ol style="list-style-type: none"> 1. The EU declared field trials for agrobiotech crops permissible, but regulatory procedures and social aversion to biotech commodities persist. 2. The U.S. initiative for engineering and education at UNESCO was endorsed by 25 nations and unanimously accepted by the Executive Council in April and will be tracked into the UNESCO program of work in FY 2006-2007. 3. Major Asian nations — China and India, particularly — are moving briskly ahead to utilize agrobiotech in their food supplies. 4. Latest aerospace industry figures show a positive net trade balance for the sector of \$31 billion for calendar year 2004, one of the best years ever. 5. Data on low emission energy technology sales no longer collected. 6. Six-party negotiations on ITER resolved a contentious issue over the site selection, agreeing that the facility will be built in France; ITER negotiations are now underway to implement formal agreement and begin construction in CY 2006.
	Rating	<ol style="list-style-type: none"> 1. On Target 2. On Target 3. On Target 4. Above Target 5. Data no longer collected. 6. Below Target
	Impact	Overall, performance in this indicator is on target. Combined, these results are enhancing S&T links between the U.S. and other countries between S&T experts and policymakers in these countries. This could increase policymakers' regard for S&T work and trade in this area between countries.
	Reason for Shortfall	ITER construction could not begin until siting issues resolved.
	Steps to Improve	U.S. Government continues to press for ITER to be fully funded, and for resolution of the siting issue.

PERFORMANCE DATA	Data Source	The bureaus of International Organizations and Western Hemisphere Affairs and U.S. embassies report on progress in UNESCO and OAS programs for S&T, engineering and education, while regional bureaus and missions can follow developments in host countries. The specific, non-trade activities such as international S&T cooperation under this indicator are best measured by records kept by the Bureaus of Economic and Business Affairs, Oceans and International Environment and Scientific Affairs (OES), the Office of the Science and Technology Officer, regional bureaus, AID, NSF, and U.S. universities and laboratories, while trade flows will be amply measured by the Commerce, Agriculture, and Energy Departments, National Aeronautics and Space Administration, and private industry and trade associations. Finally, the Department of Energy will remain the principal participant and accountant for progress in the ITER program.
	Data Quality (Verification)	Data is comprehensive and extensively crosschecked.

Continued on next page

I/P #2: SCIENCE-BASED DECISION-MAKING AND STANDARDS DEVELOPMENT (continued)

Indicator #3: (continued)

PAST PERFORMANCE	2004	<ol style="list-style-type: none"> 1. U.S. aerospace sector experienced healthy growth in sales and exports. The Ground Positioning System (GPS) subsector, of particular concern to the U.S. Government because of the potential threat that Europe's Galileo could become a formidable competitor, also remained healthy, with worldwide sales exceeding \$17 billion target. Agreement was reached with the EU on GPS-Galileo cooperation, partially defusing the competitive threat from Galileo. 2. Negotiators reached tentative agreement on procurement allocation, intellectual property rights, participant contributions and most other provisions of the international agreement. Site candidates are narrowed to two, but partners deadlocked over site decision.
	2003	<ol style="list-style-type: none"> 1. Growth in GPS use and equipment exports are threatened by EU plans to implement a competing satellite positioning system, Galileo, which is not technically interoperable with GPS. 2. Announcement of U.S. reentry into the ITER project; US participates in discussions on procurement issues, intellectual property rights, participant contributions.
	2002	<ol style="list-style-type: none"> 1. U.S. Government organized and sponsored four roundtables on biotechnology and nanotechnology issues. 2. Reforms were completed and published for International Trade in Armaments regulations governing scientific and environmental satellites. 3. U.S. Government launched a Task Force for International Energy Technology Cooperation supporting the President's climate change initiative.

India - Economic Engagement with an Important Emerging Market

India's economic engagement with the United States continues to grow in size and complexity. In fiscal year 2005, the Department launched several initiatives to build upon this enhanced relationship. For example, the Department established an Economic Dialogue, to expand cooperation with India on trade and commercial issues, environmental concerns and communications technologies. Separately, we launched an Energy Dialogue in May, 2005, focusing on key

parts of energy security— demand and supply management, clean technologies, more efficient power plant systems, and preparedness in the event of supply disruptions. The Department also played a critical role in concluding an Open Skies Agreement with India in January, 2005. This breakthrough agreement liberalizes the aviation market between India and the United States.



Undersecretary Burns talks with Indian Foreign Secretary Shyam Saran, left, in New Delhi, India. AP/Wide World Photo

I/P #3: INTERNATIONAL ORGANIZATION ECONOMIC DEVELOPMENT POLICY AND OPERATIONAL ACTIVITIES

Indicator #4: Incorporation of the Central Principles of the Millennium Challenge Account (MCA) in the International Development Norm-Setting Process and UN Agency Activities

JUSTIFICATION (VALIDATION): This indicator was chosen because the language in UN economic development resolutions reflects prevailing policy norms. The types of UN programs and the nature of recipients' request for assistance will demonstrate the degree of acceptance of MCA principles.

FY 2005 PERFORMANCE	Target	Shift in focus of UN policy debate toward principles of economic freedom promotes policy changes at national levels. (Revised. See Appendix for explanation.)
	Results	During 2005, the United States sponsored 6 events and participated in 6 others on the MCA, entrepreneurship and poverty reduction, economic freedom, commercial law reform, regulatory reform, women's property rights, good governance and other topics at the 59th General Assembly. Language on economic freedom and Millennium Challenge Account principles was incorporated in the UN General Assembly, the UN Economic and Social Council (ECOSOC) and the UN Commission on the Status of Women resolutions. The September 2005 UN Summit Outcome Document reaffirmed the recommendations for policy at the national level on fighting corruption and improving the investment climate for private business.
	Rating	■ On Target
	Impact	Many UN members now recognize that good governance, rule of law, and economic freedom play a crucial role in economic development, although there is still some resistance.

PERFORMANCE DATA	Data Source	United Nations reports and publications.
	Data Quality (Verification)	Content of UN reports is widely regarded as accurate and reliable. Contents of resolutions are publicly available.

PAST PERFORMANCE	2004	The High Level segment of ECOSOC (July) adopted a Ministerial Declaration on Least Developed Countries that laid the foundation for economic freedom language in other UN resolutions, including language on improving the enabling environment for the private sector, promoting the efficiency of markets, and developing financial sectors within transparent regulatory and legal systems.
	2003	<ol style="list-style-type: none"> Discussions on UN economic development resources and Monterrey follow-up focused less on developed country obligations towards developing countries and more on developing country responsibilities for their own development, highlighting good governance, economic freedom, and investing in people as means to maximize effective use of resources. UN funds and programs introduced new programs, within their mandates, focused on improving governance, economic policy formulations, sustainable development, public-private partnerships, making health and education systems more accessible, all within framework of enhanced climate to attract private investment and development assistance, including MCA.
	2002	<ol style="list-style-type: none"> Monterrey Consensus placed domestic resource mobilization at the heart of development financing, with emphasis on good governance and sound economic policy. The World Summit on Sustainable Development (WSSD) maintained the Monterrey view. ECOSOC and UN General Assembly resolutions adopted Monterrey language and discussed follow-up. Monterrey linked resources to principles. World Food Summit: 5 years later incorporated U.S. Government objectives for reducing hunger. WSSD provided consistent mandates for UN development activities, including effective partnerships between recipients and donors. Efforts were undertaken to link traditional sector-specific activities to developing country central policy and regulatory frameworks.

**ECONOMIC SUPPORT FUND
(PART PROGRAM EFFICIENCY MEASURE)**

Indicator #5: Percentage of Economic Support Funds (ESF) That Have Been Obligated Four Months After the Bureau of Western Hemisphere Affairs (WHA) Receives Its Final Line Item Allocations

MOVED. See Chapter Seven, "Democracy and Human Rights", Performance Goal 2, Indicator #6.

**UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)
(PART PROGRAM EFFICIENCY MEASURE)**

Indicator #6: Operational Support Costs as a Percentage of Total Costs

JUSTIFICATION (VALIDATION): The ratio provides a good measure of UNDP's overall management efficiency.

FY 2005 PERFORMANCE	Target	11%.
	Results	Preliminary estimates indicate continuing positive trend toward achieving FY 2005 target. 2005 data not available until the UNDP ends collection at the end of the calendar year.
	Rating	■ On Target
	Impact	Impact of 2004 results show that UNDP's efficiency gain represented a containment of operational support costs in absolute terms even through UNDP's program grew significantly.
PERFORMANCE DATA	Data Source	UNDP data shared with the State Department.
	Data Quality (Verification)	The data is verifiable. The audited biennial UNDP financial statements are publicly available documents, and can be accessed through the United Nations web site.
PAST PERFORMANCE	2004	10.9%.
	2003	12%.
	2002	Baseline: 12.7%.

U.S. Secretary of Commerce Donald Evans talks with China's Commerce Minister Bo Xilai, right, during a meeting in Beijing, China, January, 2005. AP/Wide World Photo



PERFORMANCE GOAL 2

INCREASED TRADE AND INVESTMENT ACHIEVED THROUGH MARKET-OPENING INTERNATIONAL AGREEMENTS AND FURTHER INTEGRATION OF DEVELOPING COUNTRIES INTO THE TRADING SYSTEM

I/P #4: CREATE OPEN AND DYNAMIC WORLD MARKETS

Indicator #1: Status of Negotiations on Open Markets for Services, Trade, and Investment



JUSTIFICATION (VALIDATION): These agreements expand the international framework to create a dynamic, free and open trade system. Substantial global trade liberalization results from multilateral, regional, and bilateral trade and investment agreements. Substantial continued growth in trade and investment validates this approach.

FY 2005 PERFORMANCE	Target	World Trade Organization (WTO) Doha negotiations completed January 1, 2005. Two new Bilateral Investment Treaties (BITs) concluded. One Free Trade Agreement (FTA) concluded.
	Results	Doha Round progressing with members actively engaged in negotiations. Model BIT publicly released. BIT negotiations with Pakistan underway; initial consultations on possible BIT held with Saudi Arabia and Algeria. Andean, Oman, United Arab Emirates (UAE) FTA negotiations on track. Central American-Dominican Republic FTA (CAFTA-DR) and Bahrain enactment expected. Australia FTA entered into force January 2005. Morocco FTA entry into force expected. FTA of the Americas (FTAA) continues slowly. U.S. and EU regulatory agencies work to share information and harmonize regulatory systems.
	Rating	■ Below Target
	Impact	Despite not meeting the 12/31/04 deadline of successfully concluding the WTO Doha Round, excellent progress was achieved on liberalizing global trade and opening markets for U.S. goods, services, and agriculture through FTAs and BITs. The challenge will be to successfully conclude the Doha Round by the end of 2006, so that the Department can notify Congress before Trade Promotion Authority expires in mid-2007.
	Reason for Shortfall	An impasse in the Doha Round Cancun Ministerial (September 2003) significantly slowed down the pace of the negotiations until a U.S.-brokered framework agreement in July 2004, after which negotiations intensified and are on track again.
	Steps to Improve	WTO members generally acknowledge that the original target date to conclude the Doha Round was overly ambitious, especially given the nature and complexity of the tariff cuts envisaged. The U.S. has urged WTO member states to make the necessary bold and ambitious tariff cuts for a successful Doha Round. President Bush at the UN General Assembly challenged other nations to meet the commitment to "eliminate all tariffs, subsidies, and quotas, as other nations do the same".
	PERFORMANCE DATA	Data Source
Data Quality (Verification)		Data on status of Doha Round is widely reported. Details publicly available through WTO and the USTR. Information on FTAs and BITs is publicly available from the USTR and the State Department.
PAST PERFORMANCE	2004	<ol style="list-style-type: none"> 1. Successful WTO Doha Round framework agreement July 2004. 2. One BIT, with Uruguay, concluded by October 2004. 3. Concluded 4 FTAs (Australia, Bahrain, Morocco, Central America). 4. FTAA negotiations continue.
	2003	<ol style="list-style-type: none"> 1. Two FTAs (Chile, Singapore) concluded. 2. WTO and FTAA negotiations continue. 3. FTA negotiations began with Central American Free Trade Area (CAFTA), Morocco, Southern African Customs Union (SACU), and Australia. 4. Notified Congress of intent to initiate FTA talks with Dominican Republic and Bahrain.
	2002	<ol style="list-style-type: none"> 1. WTO launched new round in Doha. China and Taiwan joined WTO. Jordan FTA entered into force. Chile and Singapore FTA negotiations continued. 2. Morocco, CAFTA, SACU, and Australia identified as partners for FTAs. BIT discussions continued with Venezuela, Peru, Colombia, and South Korea. China took concrete steps to remove trade barriers and open its markets; some shortfalls remained in areas of interest.

I/P #4: CREATE OPEN AND DYNAMIC WORLD MARKETS (continued)

Indicator #2: Number of Market-Opening Transportation Agreements in Place

JUSTIFICATION (VALIDATION): These Open Skies agreements are key to expanding a dynamic and open system of aviation services. Bilateral and multilateral aviation agreements are the primary mechanisms for aviation liberalization. Service for passengers and cargo are implemented by airlines pursuant to Air Transport Agreements. Maritime agreements help open restricted foreign markets.

FY 2005 PERFORMANCE	Target	1. Conclude two bilateral Open Skies agreements (or Multilateral accessions). 2. Conclude three liberalizing (non-Open Skies) agreements.
	Results	Concluded six bilateral Open Skies agreements and one liberalizing (non-Open Skies) agreement.
	Rating	1.  Significantly Above Target for Open Skies agreements. 2.  Below Target for liberalizing (non-Open Skies) agreements.
	Impact	The six Open Skies agreements represent a commercially important step forward toward the strategic goal of aviation liberalization. They included agreements with such significant markets as India and Thailand. U.S. airlines and other stakeholders have strongly welcomed these agreements, including the one non-Open Skies agreement with Mexico.
	Reason for Shortfall	Prior to negotiations it is difficult to predict whether partner countries will agree to full Open Skies or a lesser standard of liberalization. It is good news that more countries opted for Open Skies and less than forecast would accept only limited liberalization.
	Steps to Improve	The Department continues to pursue Open Skies agreements wherever possible and to seek incremental liberalization of bilateral air services agreements with those countries not yet prepared to accept full Open Skies.
PERFORMANCE DATA	Data Source	Signed agreements.
	Data Quality (Verification)	Information gathered through primary data collection and is fully reliable.
PAST PERFORMANCE	2004	1. Open Skies agreements concluded with Indonesia, Tonga, Madagascar, and Gabon. 2. Liberalized agreements concluded with China and Vietnam, and original agreement with Indonesia. 3. Shipping agreement concluded with China.
	2003	1. Concluded three bilateral Open Skies agreements: Jamaica, Albania, and Thailand (all cargo Open Skies); and one multilateral accession: Samoa. 2. Liberalized two (non-Open Skies agreements): Hong Kong and Thailand.
	2002	Five additional bilateral Open Skies agreements plus three other liberalized agreements concluded.

Panamanian President Martin Torrijos, right, receives credentials of William Alan Eaton, left, the new U.S. Ambassador to Panama, at the Presidential Palace in Panama City, Panama, September, 2005.

AP/Wide World Photo



I/P #4: CREATE OPEN AND DYNAMIC WORLD MARKETS (continued)

Indicator #3: Number of Countries Allowing Commercial Use of Agricultural Biotechnology and Global Acreage of Biotech Crops Under Cultivation

JUSTIFICATION (VALIDATION): Science-based regulatory regimes in place to determine safety of agricultural biotechnology products. Strong regulatory system provides public confidence; provides strong foundation for policy decision to permit commercialization of biotechnology-derived crops. Countries that commercialize biotechnology-derived crops most likely to permit entry of biotechnology-derived products from other countries.

FY 2005 PERFORMANCE	Target	Three more countries begin to commercialize ag-biotech.
	Results	Based upon full year data for CY 2004, ag biotech acreage was trending at a 15-20% rate of growth in the first 3 months of FY 2005. China nears commercialization of biotech rice variety. French farmers plant biotech maize in relatively large quantities for the first time. The Spanish interministerial biotechnology commission approved Roundup Ready biotech corn seed for cultivation in Spain.
	Rating	■ On Target
	Impact	Global acreage continues to grow at a tremendous rate. More than 90 percent of farmers benefiting from biotech crops now reside in the developing world.
PERFORMANCE DATA	Data Source	International Service for the Acquisition of Agri-biotech Applications. U.S. Department of Agriculture grain Reports.
	Data Quality (Verification)	The information is publicly available, gathered through primary data collection, and cross-referenced with other sources for accuracy.
PAST PERFORMANCE	2004	14 countries were producing biotechnology products. Australia approved the commercialization of biotechnology-derived canola. Malaysia and Thailand are taking steps toward putting biosafety frameworks in place that would allow for the commercialization of biotechnology-derived crops. Philippines approved a second biotech corn event. Brazil legalized its biotech soybean crop and approved biotech cotton. Total acreage increased 20%.
	2003	<ol style="list-style-type: none"> 1. The Philippines and Brazil commercialized ag-biotech. 2. Biotech acreage continued to expand.
	2002	<ol style="list-style-type: none"> 1. India commercialized transgenic cotton. 2. Philippines and Brazil took initial steps toward commercializing ag-biotech.

I/P #4: CREATE OPEN AND DYNAMIC WORLD MARKETS (continued)

Indicator #4: Number of Countries Removed from the Special 301 Priority Foreign Country or Priority Watch List Due to Improvements in Their Intellectual Property Regimes

Indicator revised. Please see Appendix for details.

JUSTIFICATION (VALIDATION): Economies improving intellectual property regimes benefit from increased foreign investment and provide enhanced protection of U.S. companies' intellectual property.

FY 2005 PERFORMANCE	Target	Two countries removed
	Results	Taiwan was removed from Priority Watch List during an out-of-cycle review. Bahamas was removed from the Priority Watch List at the conclusion of the 2004 Special 301 Review.
	Rating	■ On Target
	Impact	Economies improving intellectual property regimes benefit from increase foreign investment and provide enhanced protection of U.S. companies' intellectual property.
PERFORMANCE DATA	Data Source	U.S. Trade Representative Special 301 Reports.
	Data Quality (Verification)	The information is publicly available and cross-referenced with multiple sources for accuracy.
PAST PERFORMANCE	2004	One country removed
	2003	Two countries removed
	2002	Three countries removed

A Look to History: Economic Prosperity and Security



By the late nineteenth century, China only held a small percentage of U.S. foreign commerce, but American traders envisioned lucrative markets with the country. The acquisition of the Philippines in 1898, and its proximity to mainland China, inaugurated the development of a new American policy for East Asia. Even as the United States gained a foothold in the region, European incursions in China threatened to cut off access. Accordingly, Secretary of State John Hay proposed in 1899 that nations interested in China should maintain the principle of free trade—the “open door” policy. Secretary Hay’s commitment to the “open door” policy led the United States by degrees into much expanded participation in the activities of East Asia.

U.S. Secretary of Commerce Juanita Kreps signs papers at the Canton trade fair in China on May 14, 1979.

State Department photo

I/P #4: CREATE OPEN AND DYNAMIC WORLD MARKETS (continued)

Indicator #5: Adoption of U.S. Telecom, Information Technology, and Radio Communication Proposals/Positions and Standards/Recommendations Favorable to U.S. Businesses in International Telecommunications Agreements and Declarations

JUSTIFICATION (VALIDATION): The successful implementation of agreements, adoption of standards and allocation of spectrum in a manner compatible with the U.S., increases U.S. companies' ability to export telecom equipment.

FY 2005 PERFORMANCE	Target	<ol style="list-style-type: none"> 1. Prepare for World Radiocommunications Conference (WRC) 2007. 2. U.S. proposals on convergence technologies for cable, telephony, and broadband adopted in the International Telecommunications Union (ITU). 3. Western Hemisphere countries adopt U.S. Wireless Local Network standards. 4. Inter-American Telecommunications Commission (CITEL) endorses the U.S. digital television standard and key countries, including Brazil, adopt it.
	Results	<ol style="list-style-type: none"> 1. CITEL has completed all preliminary views on WRC agenda items. 2. ITU continuing work on convergence technology for cable, telephony and broadband and U.S. Government is actively participating. 3. CITEL Working Group is developing an Implementation Guide for digital television (DTV) in the Americas.
	Rating	■ On Target
	Impact	The successful international implementation of these agreements and standards in FY 2005 is enhancing U.S. companies' ability to export telecom equipment.
PERFORMANCE DATA	Data Source	ITU, CITEL, APEC, WRC, and Advanced Television Systems Committee (ATSC).
	Data Quality (Verification)	The ITU, CITEL, APEC, WRC, and ATSC provide reliable, publicly available information on their programs and initiatives.
PAST PERFORMANCE	2004	Mexico adopted the U.S. DTV standard in July, and CITEL adopted an outline of an implementation guide for countries to use when implementing DTV, with a technical attachment on the U.S. DTV standard.
	2003	Colombia takes leadership on CITEL working group on DTV, promising faster progress. 3G spectrum allocation. U.S. Government joint e-government summit promotes U.S. e-gov services and equipment. Adoption of the majority of U.S. proposals at the World Radiocommunication Conference.
	2002	<ol style="list-style-type: none"> 1. U.S. Government promoted the U.S. DTV standard bilaterally with key countries Argentina and Brazil. ITU Agreement reached on standards for next generation interactive cable and interim electric numbering system arrangements. U.S. Government begins planning for an e-government conference. 2. Most of U.S. proposed reforms to make ITU more efficient, private sector-oriented were enacted in Plenipotentiary Conference.





President Bush and Mexican President Vicente Fox, left, chat prior to a luncheon at the 2005 World Summit at the United Nations headquarters in New York, September, 2005.

AP/Wide World Photo

I/P #5: SUPPORT FOR U.S. BUSINESSES

Indicator #6: Number of Companies for whom Advocacy Services were Provided. Number of Commercial Advocacy Successes in Helping U.S. Companies Win Foreign Tenders; Enforce Contract Agreements; Gain Fair Treatment; and/or Enter New Foreign Markets

JUSTIFICATION (VALIDATION): This indicator measures the direct support Bureau of Economic and Business Affairs (EB) provides to U.S. business in exporting goods and services as well as managing overseas investments.

FY 2005 PERFORMANCE	Target	Advocacy services provided for 185 company-specific cases; 80 advocacy success stories.
	Results	Advocacy services provided for 275 company-specific cases; 62 advocacy success stories.
	Rating	1.  Significantly Above Target 2.  Below Target
	Impact	Advocacy support ensures transparency and fair play so that U.S. companies can compete on a level playing field.
	Reason for Shortfall	Advocacy success stories is below target because the Department's Economic and Business Bureau (EB) Advocacy Database is not fully operational to provide count of final success stories. Numerous tenders competitions are pending final approvals by foreign government; five defense advocacy cases (tender competitions) nearing completion.
	Steps to Improve	The Department will incorporate effective "success story" count mechanism in EB Advocacy Database during FY 2006.
PERFORMANCE DATA	Data Source	Information from U.S. businesses, regional bureaus and embassies; EB Advocacy Databases; and Department of Commerce Advocacy Center Databases.
	Data Quality (Verification)	Reliability and completeness of performance data is ensured through primary collection of data and extensive cross-referencing with other sources where necessary.
PAST PERFORMANCE	2004	1. Advocacy services provided for 152 companies. 2. 48 advocacy success stories.
	2003	1. Advocacy services provided for 125 companies. 2. 45 advocacy success stories.
	2002	1. Advocacy services provided for 110 companies. 2. 35 advocacy success stories.

U.S. Ambassador to Japan, Tom Schieffer, left, is welcomed by Mitsuhiro Nakamura, right, representing Japan's Ministry of Foreign Affairs, in Narita, near Tokyo, April, 2005.

AP/Wide World Photo



I/P #6: INTEGRATING ENVIRONMENTAL PROTECTION AND TRADE

Indicator #7: Trade Agreements That Enhance International Protection and Preservation of the Environment while Promoting Liberalized Trade

JUSTIFICATION (VALIDATION): Environmental Cooperation Agreements (ECAs) and workplans complement Free Trade Agreement (FTA) environment chapters by building trading partners' environmental capacity. WTO-CTE discussions are an important mechanism to address trade and environment linkages. Regional development bank environmental practices are critical tools to ensure improved environmental performance in conjunction with development investment.

FY 2005 PERFORMANCE	Target	<ol style="list-style-type: none"> 1. Organization for Economic Cooperation and Development (OECD) countries undertake discussions to expand common guidelines to include issues addressed by World Bank safeguard policies, such as impact on indigenous peoples, involuntary resettlements, etc. 2. FTAs with the five Southern African Customs Union (SACU) countries of southern Africa, the Dominican Republic and the thirty-four countries of the western hemisphere that will comprise the Free Trade Area of the Americas (FTAA) are completed, each containing satisfactory environmental provisions. 3. Framework environmental side arrangements are negotiated and concluded with the five SACU countries of Southern Africa, the Dominican Republic, and the countries of the FTAA area. 4. Work plans to be developed to promote mutually supportive trade and environmental policies and build capacity to implement domestic environmental laws in the five Central American Free Trade Agreement (CAFTA) countries, the Dominican Republic, Morocco and Bahrain. 5. Measurable progress in executing projects under Jordan, Singapore and Chile work plans. 6. Progress continues in the WTO on how to reduce harmful fish subsidies. UN Food and Agriculture Organization (FAO) Committee on Fisheries endorses ecolabeling guidelines for fisheries. Implementation work begins.
	Results	<ol style="list-style-type: none"> 1. The 2003 OECD Recommendation on Common Approaches on the Environment and Officially Supported Export Credits is due to be reviewed next year, including discussion of whether to include impact on indigenous people, etc. The interface between environment and development policy will be the topic of an OECD meeting in 2006 in order to lay the basis for a Strategic Alliance between the Environment and Development Cooperation communities. Inter-American Development Bank (IDB) and the International Finance Corporation (IFC) are reviewing environmental standards and processes at the behest of the U.S. and others. The Millennium Challenge Corporation (MCC) released interim environmental guidelines for its funding. 2. Faced with slow progress in the SACU and FTAA negotiations, USTR has stepped up the pace of other bilateral and regional FTA negotiations. FTA with Australia entered into force January 2005. U.S., most countries in Central America, and Dominican Republic ratify DR-CAFTA, allowing it to enter into force January 1, 2006. Substantial progress in negotiating FTA, including robust environment chapter, with Andean countries, as well as Oman, Thailand, and the UAE. Negotiations on U.S.-Panama FTA continuing. 3. Environmental cooperation agreement with Central American countries and the Dominican Republic signed February 18, 2005. ECA negotiations with Andean countries nearing conclusion. Panama poised to join Dominican Republic-Central America-U.S. ECA upon concluding a bilateral FTA. Environmental cooperation mechanism negotiations with Oman successfully concluded, proceeding on track with Thailand, Oman and UAE. 4. ECA work program negotiations with DR and Central America nearly concluded. Work programs with Singapore concluded; work programs with Morocco and Bahrain are under development. 5. Projects undertaken to implement U.S./Chile Environmental Cooperation Work Program in several areas, including enforcement of environmental laws, protected area management and ecotourism. Workshops on environmental laws and enforcement conducted with Jordan, Bahrain, Oman, UAE, and SACU countries. Projects to promote cleaner production initiated with Morocco, which hosts global conference on environmental enforcement and compliance. Cleaner production and environmental impact assessment projects planned with Bahrain, Oman and UAE. U.S. and Thailand collaborate toward development of a regional wildlife enforcement network, in support of U.S. Coalition Against Wildlife Trafficking initiative. 6. WTO fisheries subsidies discussions continue. Ecolabeling guidelines endorsed March 2005. APEC Live Reef Foodfish Trade project completed; functional scheme for an FAO guideline-consistent ecolabel for reef fish trade is outlined.
	Rating	<ol style="list-style-type: none"> 1. ■ On Target 2. ■ On Target 3. ■ On Target 4. ■ On Target 5. ■ Above Target 6. ■ On Target

Continued on next page

I/P #6: INTEGRATING ENVIRONMENTAL PROTECTION AND TRADE (continued)		
Indicator #7: (continued)		
FY 2005 PERFORMANCE (continued)	Impact	Strengthening environmental and social safeguards for development projects helps ensure that donor funds are efficiently and effectively used. Harmonizing donor policies and procedures also ensures efficient use of funds and a streamlined process for accessing and using funds.
		Robust environmental provisions in FTAs, complemented with robust environmental cooperation agreements and work programs help to ensure that trade and environmental protection are mutually supportive, and to ensure a level playing field for free trade. Reductions in subsidies that contribute to overfishing and broadly implemented ecolabeling schemes are two key economic tools for ensuring sustainable fisheries. APEC Economies implementing reef fish ecolabeling scheme encompass the majority of trade in both foodfish and ornamental fish from reef ecosystems.
PERFORMANCE DATA	Data Source	OES directly tracks events, in collaboration with EB, USTR, U.S. Government technical agencies and non-governmental partners. The OECD website (http://www.oecd.org/) provides information on these activities.
	Data Quality (Verification)	Accuracy, quality, and reliability of performance data are verified by direct OES participation in targeted activities.
PAST PERFORMANCE	2004	<ol style="list-style-type: none"> 1. FTA negotiations and environmental cooperation arrangements completed with Morocco, Australia, and Bahrain. 2. U.S.-Dominican Republic-Central America Free Trade Agreement signed; Environmental Cooperation Agreement concluded in 2003 revised to include Dominican Republic; U.S. proposes Environmental Cooperation Work Program outline to Central America and Dominican Republic. 3. U.S. Chile Environmental Cooperation Agreement enters into force, negotiations for Work Program concluded and project work initiated. U.S. and Jordan held Joint Forum on environmental cooperation, approved Plan of Action. Work Program consultations begin with Singapore. 4. Negotiations begin with Panama for bilateral FTA; discussions held as to whether Panama would join the Dominican Republic-U.S. environmental cooperation agreement. Several rounds of FTA and environmental cooperation agreement negotiations conducted with Andean countries. SACU FTA negotiations and discussions on environmental cooperation mechanism conducted; however, FTA negotiations suspended. Thailand FTA negotiations conducted; Department begins development of proposed environmental memorandum of understanding. 5. The WTO Committee on Trade and Environment continued its discussions. 6. OECD Member States agree on common approaches to environmental standards for export credit agencies.
	2003	<ol style="list-style-type: none"> 1. Fisheries subsidies negotiations in WTO continue. 2. FAO adopts work plan on eco-labeling and other non-tariff trade measures. 3. The amended South Pacific Tuna Access Treaty is submitted to the Senate and advice and consent to ratification is provided. 4. U.S. expands technical domestic fisheries rules relating to sea turtles; notifies foreign governments that their programs may need to adopt comparable changes in order to export shrimp to the U.S. 5. NAFO makes limited progress towards establishing a fair process for access to stocks. 6. Singapore and Chile FTAs are concluded with satisfactory environmental provisions. 7. Environmental Cooperation Agreement with Chile and an MOI on Environmental Cooperation with Singapore are signed.
	2002	<ol style="list-style-type: none"> 1. An environmental review of proposed Singapore and Chile FTAs is conducted. 2. World Summit on Sustainable Development Joint Plan of Implementation concluded with satisfactory trade and finance provisions. 3. Most OECD Export Credit Agencies agree to voluntarily adopt environmental standards for export credit agency-supported projects. 4. OECD, FAO, and APEC discuss non-tariff trade measures, such as food safety, rules of origin and eco-labeling. 5. Several countries decertified pursuant to shrimp/turtle import law provide credible evidence of an enhanced program and are re-certified. 6. U.S. access to fisheries stocks regulated by Northwest Atlantic Fisheries Organization is limited.

PERFORMANCE GOAL 3
SECURE AND STABLE FINANCIAL AND ENERGY MARKETS

I/P #7: SECURE ENERGY SUPPLIES	
Indicator #1: World Emergency Oil Stocks	
JUSTIFICATION (VALIDATION): Oil is the major energy import for the U.S. and an adequate supply is key for the U.S. and global economies. Increasing world oil stocks increases ability to withstand possible oil shocks.	
FY 2005 PERFORMANCE	Target International Energy Agency and non-International Energy Agency emergency oil stocks are at or above FY 2004 levels.
	Results International Energy Agency members held stocks of 114 days of imports, prior to September 2nd emergency release of stocks to counter supply disruptions of Hurricane Katrina.
	Rating ■ On Target
	Impact Healthy oil stock allowed for a robust response to oil supply disruptions caused by Hurricane Katrina, calming markets ensuring continued supplies of oil.
PERFORMANCE DATA	Data Source International Energy Agency data.
	Data Quality (Verification) International Energy Agency data is widely regarded as reliable and accurate and is available to the public.
PAST PERFORMANCE	2004 International Energy Agency members held stocks of 113 days of imports.
	2003 <ol style="list-style-type: none"> 1. During FY 2003, International Energy Agency stocks have been in the range of 112-116 days of imports. 2. China (a non- member) actively engaged with the Agency, APEC, and the United States to create emergency oil stock reserves and has formulated a plan for holding significant stocks.
	2002 <ol style="list-style-type: none"> 1. Higher stock levels in the United States, Japan, and South Korea (a new IEA member). 2. Increased overall International Energy Agency stocks to 114 days of net oil imports as of 12/21/02. 3. China (a non-member) actively engaged with the Agency, APEC, and the United States to create emergency oil stock reserves and has formulated a plan for holding significant stocks.



A tanker delivers crude oil to the Strategic Petroleum Reserve on the U.S. Gulf Coast.

AP/Wide World Photo

I/P #8: STABLE FINANCIAL MARKETS		
Indicator #2: Percentage of Debt Crisis Countries on International Monetary Fund (IMF) Programs Successfully Reforming		
JUSTIFICATION (VALIDATION): Successful completion of reform programs is key to nations achieving long-term financial stability.		
FY 2005 PERFORMANCE	Target	60% of Paris Club agreement countries are successfully reforming through IMF Programs.
	Results	83% of countries having an active Paris Club agreement are effectively following or have successfully completed an IMF program. (Based on IMF and Paris Club status as of September 30, 2005).
	Rating	■ Above Target
	Impact	U.S. Government debt relief program has provided effective leverage to encourage countries in financial crisis to adopt solid fiscal and monetary policies that have resulted in individual country and international financial stability.
PERFORMANCE DATA	Data Source	International Monetary Fund and Paris Club.
	Data Quality (Verification)	Information is widely reported on and widely regarded as accurate.
PAST PERFORMANCE	2004	78% of 69 countries had an active Paris Club agreement.
	2003	74% of 73 countries had an active Paris Club agreement.
	2002	63% of 70 countries had an active Paris Club agreement.

PERFORMANCE GOAL 4
ENHANCED FOOD SECURITY AND AGRICULTURAL DEVELOPMENT

The U.S. Agency for International Development is reporting results for this goal.