

**Testimony of Secretary of State Condoleezza Rice  
Before the Senate Foreign Relations Committee  
Thursday, February 8, 2007**

Mr. Chairman, Members of the Committee:

Thank you for this opportunity to address the Committee about the many challenges and opportunities of our world today. I look forward to continue working with Congress, closely and across party lines, to ensure that America's diplomacy, and the courageous individuals who undertake it, have the necessary resources to protect our national security, advance our democratic ideals, and improve people's lives throughout the world. With these duties we also reaffirm our responsibility to the American people: to be the best possible stewards of their hard-earned dollars.

President Bush's FY 2008 International Affairs Budget for the Department of State, USAID, and other foreign affairs agencies totals \$36.2 billion. The President's budget also requests \$6 billion in supplemental funding for FY 2007 to support urgent requirements that are not funded in the annual budget. This supplemental request includes \$1.18 billion for additional operating costs of the Department of State and other agencies. It also includes \$4.81 billion to meet urgent new foreign assistance needs in Afghanistan, Iraq, and Lebanon, as well as peacekeeping and humanitarian assistance in Sudan, Somalia, and other countries in need. In addition, the Administration is requesting \$3.3 billion in war supplemental funding in FY 2008 – \$1.37 for foreign assistance and \$1.93 billion for State Department operations – to support emergency requirements in Iraq and Afghanistan.

This money is a fundamental investment in our national security. More than five years after the September 11 attacks, America remains engaged in a global war on terrorism, but it is a war of a totally new and different kind. We face a long confrontation, in which military strength is important to our success, but is not sufficient. The defining feature of our world today is its interdependence. The security of the American people depends on the stability and the success of foreign societies. If governments cannot, or choose not, to meet their responsibilities as sovereign states, then every country in the world is threatened. The President believes that, in today's world, the defense of our country depends on the close integration of our multilateral diplomacy, our development efforts, and our support for human

rights and democratic institutions. That is why President Bush, in his budget, designates the State Department as a national security agency.

We must recognize that our Foreign Service, our Civil Service, and our Foreign Service Nationals are performing a vital national security role – often in difficult and dangerous posts, far away from their friends and families, and in many cases, shoulder to shoulder with our men and women in uniform. We are asking our civilians to do far more than just manage an existing international order; we are charging them with helping foreign citizens and their governments to transform their countries – to move them toward peace, freedom, prosperity, and social justice.

This is the national security mission of our State Department today, which we have referred to as transformational diplomacy. To succeed in this critical work for the American people, we are making important changes to our department's organization – both in terms of the roles our people are playing and how we are revolutionizing our approach to foreign assistance. This is the foundation of our budget, and I would like to briefly review these important changes.

### **Transforming the State Department**

Faced with new challenges to our country, President Bush has initiated major reforms to bring our institutions of national security into the 21<sup>st</sup> century. Now it is the State Department's turn. With the support of Congress, we are moving our people off the front lines of the last century, in the capitals of Europe and here in Washington, and into the critical posts of this new century – in Asia, and Africa, and the Middle East, and here in the Americas. Last year, we reprogrammed 200 positions for this purpose; we are set to reposition 80 more. At the same time, we are moving more of our people out of our embassies and into the field, so they can engage and work not only with governments but with the people of the nations in which they serve. We are making every necessary change – giving our diplomatic corps better training, better tools and technology, and more language skills – to empower them to meet this challenge.

We realize that resources are tight, so in all that we do, we seek to be good stewards of the taxpayers' money. That is why, last year, I created the position of Director of United States Foreign Assistance, which Randy Tobias now occupies. He serves concurrently as the Administrator of the United States Agency for International Development, and in these dual

roles, helps to bring unified leadership to our foreign assistance resources. Our goal for this budget was unprecedented: the strategic alignment of our foreign assistance with our foreign policy goals.

The budget that you have in front of you represents the first joint effort of the State Department and USAID, working together, to align resources strategically in order to accomplish key national security and development goals with maximum efficiency and fiscal responsibility. To that end, we allocated our resources on the basis of shared goals, established common definitions for our foreign assistance programs, and common indicators to evaluate their performance. Six strategic principles guided our efforts:

- to integrate our planning based on the totality of our government's resources, so we can make the smartest investments possible, without duplicative efforts or wasteful spending;
- to assess where each country stands in its course of development, so we can tailor our assistance to the unique demands of each individual country and support its own efforts to combat poverty;
- to invest in states critical to regional stability and prosperity, which are often those key to the global war on terror;
- to focus our assistance on the most critical impediments to and catalysts for long-term country progress;
- to empower our Ambassadors and Missions Directors to oversee the complete range of foreign assistance programs in the countries in which they work;
- and finally, to align our account structure with the country conditions and goals that they are designed to address.

The main idea that I want to stress is this: Our new approach to foreign assistance ensures an efficient, effective, and strategic use of the American taxpayer's money. The adjustments you may see in one program are justified by what we have determined is an even greater need elsewhere, and for the first time, we are starting to measure the trade offs in order to make the best use of our limited resources. With the performance and

accountability measures we are putting in place, we will better ensure that we are providing both the necessary tools and the right incentives for host governments to secure the conditions necessary for their citizens to reach their full human potential. This furthers our goal of helping developing nations to “graduate” from our assistance, not to grow dependent on it.

### **Empowering Our People**

We are moving ahead on these actions with our existing authority. They are steps that need to be taken, and we are taking them. But we must do more, and to do it, we need more resources. We need the continued, indeed the increased, support of the Congress. That is why we are requesting \$7.2 billion for State Department administration.

As we transform our existing positions to serve new purposes, we must also create new positions that advance our strategic objective of getting more Americans onto the diplomatic frontlines of the 21<sup>st</sup> century. This year, we are requesting \$125 million to create 254 new positions in critical spots like India, China, Indonesia, Venezuela, Nigeria, South Africa, and Lebanon. This funding will also enable us to establish new American Presence Posts, reflecting our goal of moving more of our diplomats into the regions and provinces of our host countries. In addition, we request 57 positions and \$23 million for the Office of the Coordinator for Reconstruction and Stabilization and our Active Response Corps. This will strengthen our ability to develop a deployable cadre of civilian staff able to respond quickly to crises and stabilization missions overseas.

Our department’s new and evolving mission, which is vital to our national security, requires an increased investment in our people. They need the latest technology and the best training, both leadership and language skills. This budget meets those demands, including \$905 million for information technology. We must also continue to improve our security in a dangerous world. This budget allocates \$965 million to strengthen overall security for our posts, our people, and our information systems worldwide, including through the creation of 52 additional positions for security professionals.

At the same time, we must continue to modernize and improve our buildings across the world. We seek \$1.6 billion to address the major physical security and rehabilitation needs of our embassies and consulates worldwide so we can protect the men and women serving in our posts. In the fourth year of Capital Security Cost Sharing, other U.S. government

agencies with personnel abroad will contribute \$362 million for the construction of new, secure diplomatic facilities.

To continue filling the ranks of the Foreign Service with our nation's best talent, we will continue our efforts to revamp the pay scale for our diplomatic corps. State Department personnel are increasingly expected to serve in what we call "hardship posts", which now comprise nearly 20 percent of all department positions. We must fairly compensate our men and women serving abroad in difficult locations, often far away from their families, and we must rectify a growing disparity between basic salary levels for employees in the United States and overseas. Our budget request includes \$35 million to begin transition to a performance-based pay system and a global rate of pay.

The State Department mission also extends to defending our borders and protecting our homeland. We must strive to remain a welcoming nation for tourists, students, and businesspeople, while at the same time increasing our security against terrorists and criminals who would exploit our open society to do us harm. For this purpose, our budget includes \$1.3 billion for the Border Security Program, and we seek to add 122 consular positions to address rising passport and visa demands. As good stewards of taxpayer dollars, we are using revenues from visa, passport surcharge, and visa fraud fees to fund improvements in our border security. In coordination with the Department of Homeland Security, we seek to fulfill the President's vision of secure borders and open doors.

Finally, we are requesting \$1.35 billion to meet our commitments to international organizations such as the United Nations. Over the past year, in particular, we have seen how important it is for the United States to provide principled leadership in institutions of multilateral diplomacy. Through the United Nations, we helped to negotiate a key resolution that ended a month of war in Lebanon and Israel, which was launched by the leaders of Hezbollah. We rallied the international community to oppose Iran and North Korea's nuclear weapons ambitions with tough Chapter 7 Security Council resolutions. And we worked to ease the suffering of the people of Darfur. International organizations are essential to our nation's key foreign policy goals, and we must continue to support them.

## **Securing Peace, Supporting Democracy**

I have discussed the steps we are taking to support our people. Let me turn now to the purposes of our foreign assistance.

Our highest priority is to defend the American people and homeland by doing our part in the global war on terrorism. To succeed, we need the continued support of key partners – our historic allies in places like Europe, Asia, and the Americas, but also key developing countries, many of which have the will to fight terrorism but need help with the means. The FY 2008 request includes, among others, \$186 million for Indonesia, \$2.4 billion for Israel, \$540 million for Kenya, and \$513 million for Jordan. Our assistance helps those countries, and many others, to enforce their laws, secure their borders, gather and share intelligence, and take action against terrorists on their own or with us. This request also devotes \$90 million to Pakistan, supporting President Musharraf's five-year development plan to lead the country in a moderate and modern direction, to gain control of the border areas, and to advance prosperity there.

Across the Broader Middle East, we also look to new partners in embattled young democracies, who are working courageously to turn the tide against violent extremism in their countries. In the past several years, the efforts of reformers and responsible leaders have changed the strategic context of the region. Through programs like the Middle East Partnership Initiative, we have offered critical support for civil society groups seeking political openness, economic opportunity, education reform, and the empowerment of women. We will continue to support these important reform initiatives.

Democratic institutions now offer new hope for positive change in places like Iraq, Afghanistan, Lebanon, and the Palestinian territories. Yet these structures remain weak and fragile. And in many cases, they are under siege from violent extremists and their state supporters in the region. The Taliban in Afghanistan, Hamas in the Palestinian territories, Hezbollah in Lebanon, violent extremists in Iraq – both Sunni and Shi'a -- all of these groups struck damaging blows last year to the cause of peace and freedom in the Broader Middle East. This year we must turn the tide, and we aim to do just that with a comprehensive strategy to help reformers and responsible leaders show their people that democracy can deliver the security, prosperity, opportunity, and dignity that they seek.

In Afghanistan, we support the efforts of the new democratic government in Kabul to lead the nation toward freedom and prosperity. To achieve that

goal, we have taken a hard look at our overall policy and adopted a true counterinsurgency strategy – a complete approach that integrates military efforts with political support, counter-narcotics programs, development priorities, and regional diplomacy. If there is to be an “offensive” this spring, it will be our offensive, and it will be comprehensive.

Our goal is to help the Afghan government improve the quality of life for its people by extending security, providing good governance, and opening up new economic opportunity. Along with these goals, President Karzai has demonstrated his determination to lead a serious counter-narcotics effort, but he needs our assistance. We are increasing our funding in this key area, along with additional funding for reconstruction, local economic development, and law and order. The budget request is \$698 million in the FY 2007 supplemental and \$1.4 billion for FY 2008 to stimulate economic growth, establish peace and security, create jobs, help provide essential education and health care, and extend the reach of the democratic state.

To achieve these broad objectives, we will build roads and electricity grids, and support agricultural development. Working through Provincial Reconstruction Teams, or PRTs, and in concert with the Afghan government, we will build government and justice centers at the provincial level. We will train government personnel, and we will help meet local needs for markets, schools, clinics, and other vital services. Most importantly, we will integrate all of these efforts to advance our overall strategic objective of empowering Afghanistan’s democratic government.

In Iraq, President Bush adopted a new strategy, in recognition that the situation was unacceptable. There is a military component to that strategy, but success in Iraq depends on more than military efforts alone; it also requires robust political, economic, and diplomatic progress. Our military operations must be fully integrated with our civilian and diplomatic efforts, across the entire U.S. government, to advance the strategy of “clear, hold, and build.” The State Department is prepared to play its role in this mission. We are ready to strengthen, indeed to “surge,” our civilian efforts. To do so, we are requesting \$2.3 billion in the FY 2007 supplemental and \$1.4 billion in FY 2008 to fund our assistance efforts in Iraq.

The main focus of our support will continue to shift toward helping the Iraqi government expand its reach, its relevance, and its resources beyond the International Zone. We will help local leaders improve their capacity to

govern and deliver public services. Our economic efforts will be targeted on local needs with proven strategies of success, like micro-credit programs. And we will engage with leading private sector enterprises and other local businesses, including the more promising state-owned firms, to break the obstacles to growth.

We must continue to get civilians and diplomats out of our embassy, out of the capital, and into the field, all across the country. The mechanism to do this is the Provincial Reconstruction Team, or PRT. We currently have ten PRTs deployed across Iraq, seven American and three coalition. Building on this existing presence, we plan to expand from 10 to 20 teams. For example, we will have seven PRTs in Baghdad, not just one. We will go from one team in Anbar province to four with PRTs in Fallujah, Ramadi, and al Qaim. These PRTs will closely share responsibilities and reflect an unprecedented unity of civilian and military effort.

Expanding our PRT presence will also enable us to diversify our assistance across Iraq. Iraq has a federal government. Much of the street-level authority, and much of the opportunity for positive change in Iraq, lies outside Baghdad, in local and provincial governments, with party leaders and tribal chiefs. By actively supporting these provincial groups and structures, we diversify our chances of success in Iraq. Our PRTs have had success working at the local level in towns like Mosul, Tikrit, and Tal Afar. Now we will invest in other parts of Iraq, like Anbar province, where local leaders are showing their desire and building their capacity to confront violent extremists and build new sources of hope for their people.

The importance of these joint teams in Afghanistan and Iraq is clear, as is the need to increase our capacity to deploy civilians. The President has called on us to work together to develop a "civilian reserve" to provide the government with outside experts to augment our government teams. I look forward to working with you to address this challenge.

In Lebanon, we are requesting \$770 million in the FY 2007 supplemental for a new comprehensive package to support the Lebanese people's aspirations for peace, stability, and economic development. I made this pledge last month at the Lebanon Donor's Conference, which raised \$7.6 billion to support the Lebanese people and the democratic government of Prime Minister Siniora. Our new package includes both economic and security assistance. And let me add, most importantly: Our assistance will



support the Lebanese government's own ambitious reform program, which demonstrates its commitment to reducing its debt and achieving economic and financial stability. In November 2006, we also signed a Trade and Investment Framework Agreement to help support Lebanon's development through enhanced bilateral economic ties.

As we take steps forward in the reconstruction and development effort, we must not lose sight of the need to continue to implement fully all UN Security Council resolutions related to Lebanon, in particular Resolution 1701. We commend the Lebanese government for its efforts to deploy the Lebanese armed forces to the south of its country, and we applaud the international community for its successful deployment of the enhanced UNIFIL forces to help Lebanon secure its sovereignty. Much more work remains to be done, however, and I look forward to the report of the UN Secretary General on what further steps must be taken to continue implementing Resolution 1701, so that we can move forward vigorously.

In the Palestinian territories, President Abbas's desire to support a better life for his people and to make peace with Israel is being blocked by the radical leaders of Hamas. One year after this group's legitimate election, the international community continues to stand together in our insistence that Hamas must meet the conditions set out by the Quartet: recognize Israel, renounce violence, and recognize all previous agreements between Israel and the Palestinian Authority. The leaders of Hamas now find themselves increasingly isolated and unable to govern.

Our goal with the Palestinians this year, working with Israel and responsible Arab governments, is to empower President Abbas – to help him reform Fatah, provide security in the Palestinian territories, provide essential services to his people, and strengthen the political and economic institutions of his state. We are requesting \$77 million for these objectives. At the same time, we seek to facilitate discussions between Prime Minister Olmert and President Abbas to meet the conditions of the Road Map and to discuss the possible political horizon for our ultimate goal: two democratic states, Israel and Palestine, living side by side in peace and security. This purpose will take me to the Middle East next week.

Our support for freedom and democratic reform is critical to our efforts in the war on terrorism, and it remains a central pillar of our foreign policy worldwide. President Bush remains fully committed to the goal he outlined

two years ago in his Second Inaugural address: supporting democratic movements and institutions with the goal of ending tyranny in the world.

The hard work of democracy does not end with one free election; that is only the beginning. Lasting democratic reform must also encompass an independent media, pluralist political parties, legal limits on state authority, and protections for human rights. We are funding programs in all of these fields of democratic reform, and thanks to our new budget process, we are improving the transparency of how our democracy funding is spent. To support democratic transitions, the budget provides \$460 million for programs that foster independent media sources, pluralist political parties, voter education, election monitoring, and human rights in non-democratic countries. We also request \$988 million to promote good governance and the rule of law in countries committed to reform.

As we work to expand freedom and prosperity, we must champion these ideals in our public diplomacy, for which we are requesting funding of \$359 million. Public diplomacy is a vital component of our national security strategy. We seek to reach out to the peoples of the world in respect and partnership, to explain our policies, and just as importantly, to express the power of our ideals – freedom and equality, prosperity and justice. That is how we build new partnerships with foreign citizens and counter ideological support for terrorism. Public diplomacy is no longer the job of our experts alone; it is the responsibility of every member of the State Department family, and we are mobilizing the private sector and the American people to help. In addition, we seek \$668 million for the Broadcasting Board of Governors, to support radio, television, and internet broadcasting worldwide, including in countries like North Korea, Iran, and Cuba.

In turn, we recognize that public diplomacy is and must be a conversation, not a monologue, and we are eager to welcome foreign citizens here to America. People-to-people exchanges are a vital component of our national security strategy. Many exchange participants report that they are “forever changed” by their direct involvement with the American people. Last year, the total number of student and exchange visas reached an all-time high of 591,000, and we want to expand on this progress, working in partnership whenever and however possible with the private sector.

One audience with whom we are particularly eager to continuing building relationships is the Iranian people. The President has called for expanded

people-to-people exchanges with Iran, and our Bureau of Educational and Cultural Affairs is assisting in setting up a broad range of exchange programs with the Iranian people. The State Department is now supporting academic and professional exchange programs for Iranians for the first time since 1979. Last year, we welcomed to America groups of Iranian teachers, doctors, and wrestlers. These visits, like all of our exchanges, help to further understanding and foster goodwill among foreign and domestic audiences alike. We are eager to do much more this year. So we are requesting \$486 million for educational and cultural exchanges.

### **Meeting Global Challenges**

Combating violent extremism and supporting democracy are examples of the new challenges that we face in today's world: They are global. They are transnational. They cannot be resolved by any one nation acting alone; they are global responsibilities, requiring global partnerships.

Another such challenge is the proliferation of weapons of mass destruction and the materials to produce them. The FY 2008 budget supports our key multilateral counter-proliferation activities – including the Proliferation Security Initiative, the G-8 Global Partnership, the Global Initiative to Combat Nuclear Terror, and UN Security Council Resolution 1540. The budget also supports our efforts to strengthen the global non-proliferation regime, by rallying the international community to hold accountable all who violate their responsibilities – governments like that of Iran and North Korea, both of which are now under Chapter 7 UN Security Council sanctions. At the same time, we continue to keep open a path to a diplomatic solution. With regard to North Korea, the Six Party talks will reconvene this week. With Iran, if the leaders in Tehran fulfill their international obligation to suspend their enrichment and reprocessing activities, I have offered to reverse 28 years of U.S. foreign policy and meet with my Iranian counterpart anytime, anywhere.

We are also committed to confronting, as the President said in his State of the Union address, “the serious challenge of global climate change.” Our approach is rooted both in pragmatism and partnership. One of our main initiatives is the Asia-Pacific Partnership on Clean Development and Climate, which we launched in concert with Australia, South Korea, Japan, India, and China. Together, our countries represent more than half of the world's economy, much of the world's emissions, and a growing demand for energy that is vital to our economic development. The Partnership is

accelerating investment and opening markets for cleaner, more efficient technologies, goods, and services, while fostering sustainable economic growth and poverty reduction.

The FY 2008 budget sustains our effort to combat the illicit narcotics trade, particularly in Afghanistan and here in our own hemisphere. The Andean Counterdrug Initiative remains a key priority, as does our strategic partnership with Colombia. We have had tremendous success in helping President Uribe to expand the reach of Colombia's democratic state and to confront the country's drug traffickers and terrorists. President Uribe has now unveiled his government's strategy to build on the achievements thus far, while adjusting to Colombia's new realities. This is a crucial time, and we need to help Colombia finish the job. At the same time, this budget recognizes key opportunities to nationalize eradication efforts, working in partnership with Colombia, Bolivia, and Peru.

Another global challenge is posed by pandemic disease. The FY 2008 budget request and FY 2007 supplemental supports our global strategy and partnership to rapidly address avian influenza outbreaks and support prevention strategies worldwide. The FY 2008 budget also advances the goals of the President's historic Emergency Plan for AIDS Relief. Thanks to the overwhelming support that this program has received from Congress, the Emergency Plan has now supported treatment for more than 822,000 people in the 15 countries that are home to over half of the world's infected population. This year we are requesting a total of \$5.4 billion for the Emergency Plan, including funds requested by the Department of Health and Human Services. This includes \$4.2 billion for prevention, treatment, and care in the 15 focus countries. We are also seeking an additional \$1.2 billion for bilateral programs in other countries, HIV/AIDS research, multilateral programs worldwide, and funding for tuberculosis programs.

No less historic than the Emergency Plan is the President's Malaria Initiative, which has supported prevention and treatment for millions of people in Angola, Tanzania, and Uganda. Last year, President Bush added a total of twelve other sub-Saharan African countries. The FY 2008 budget dedicates \$388 million to fund our commitments under this Initiative, as well as funding for other ongoing global efforts to fight malaria.

## **Helping Developing Countries and the Most Vulnerable Populations**

Global partnerships are essential to meeting the global challenges that I have just described. But many weak and poorly governed states do not have the capacity to fulfill their responsibilities as sovereign states – their responsibilities both to the international community and to their own people. Our experience on September 11 showed us that, in today’s world, weak and poorly governed states can pose not just humanitarian challenges, but national security threats. Hopelessness and oppression contribute to extremism and instability. Thus, helping developing states to transform themselves – to govern justly, to advance economic freedom, to combat poverty, and to invest in their people – is now a strategic imperative.

This has sparked a revolution in how we think about our foreign assistance, which we now view as one of our primary tools for helping countries to transform themselves. As a result, President Bush has made giant strides to increase our levels of foreign assistance. Since the Administration took office, we have doubled our assistance to countries in the Western Hemisphere. We have tripled our assistance to Africa, and if our FY 2008 request for assistance to Africa is enacted, we will nearly quadruple it.

With new money we have also taken new steps to use that money more effectively. We created the Office of the Director of Foreign Assistance to align our foreign assistance programs and our foreign policy goals. We are now approaching foreign assistance with the goal of helping to build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty, and conduct themselves responsibly in the international system. A new Strategic Framework for United States Foreign Assistance ensures that resources are targeted to that shared goal. To allocate our assistance most effectively, we have grouped every country to which we provide assistance by means of its internal characteristics. We have identified five main country categories:

- Restricted states are those countries with significant freedom and human rights issues, for which our assistance is geared to promote democratic reform and support for civil society.
- Rebuilding states are countries in or emerging from conflict, in which establishing security and the foundations for effective governance and economic growth are the highest priorities.

- Developing states are low or lower-middle income countries, in which poverty, governance, and investment in people are the greatest barriers to progress.
- Transforming states are low or lower-middle income, relatively stable and well governed, but for which poverty, disease, and human development remain impediments to progress.
- Sustaining Partnership states are countries with upper-middle levels of income or greater, for which our support is strategically targeted to sustain peace, prosperity, and partnership.

If a country's characteristics describe its overall demand for assistance, we now think of our foreign assistance in terms of supply – the programs and resources we can supply to help countries advance along the path of their own development. In order to allocate our resources more strategically, we identified five broad purposes for our foreign aid programs.

First is humanitarian assistance. The United States is a compassionate nation, and we will always be moved to action when tragedy strikes, and when innocent people are in desperate need. The FY 2008 budget provides more than \$2 billion for the protection of refugees and for basic needs like food, water, and medicine for vulnerable populations. One of the major recipients is Sudan, for which we are requesting a total of \$359 million for humanitarian assistance, excluding funding for Sudanese refugees in neighboring countries. This year we are continuing our support for victims of war and genocide, especially the internally displaced people in Darfur and the refugees in eastern Chad.

The second purpose of our foreign assistance is to promote peace and security. In addition to humanitarian assistance, this is the other major form of support that we are providing in Sudan, because it is a major need right now. The same is true in other countries that are struggling to emerge from the shadow of conflict: Democratic Republic of the Congo, Liberia, Somalia, Haiti, Colombia, and Lebanon. In some of these countries, and in many others, UN peacekeeping missions are playing a vital role, so for FY 2008, \$1.1 billion of our peace and security assistance will support America's share of the costs of those deployments.

A third purpose is governing justly and democratically. For FY 2008, we are requesting a significant increase over last year's funding level. These resources will go to support programs, in every region of the world, to strengthen the rule of law, fight corruption, monitor elections, and other such demands. One region in which we are increasing our support for governing justly and democratically is here in our own hemisphere. The democracies of Latin America are now more capable of providing social services to their citizens on their own. As a result, we are reducing our direct provision of services and using our limited resources to strengthen the institutional capacity of Latin American democracies to deliver the benefits of development to their people.

Fourth is investing in people. Human capacity must be strengthened and poverty and disease addressed in order to promote and sustain development success. Our request for resources to combat disease and mitigate its impacts on vulnerable populations, to improve access to quality education, and to provide social services and protection to vulnerable populations represents a 40 percent increase over FY2006 enacted levels. The President's Emergency Plan for AIDS Relief and Malaria Initiative are core components of this increase, as these diseases claim over 5 million lives annually in the developing world; and dramatically impact a country's workforce and development trajectory. Poor nations cannot hope to devote necessary resources to address the magnitude of these diseases, and development progress is therefore severely handicapped. Basic education is also necessary for progress and establishing a foundation for prosperity. The FY2008 request for resources to support basic education programs is \$535 million, the largest request this Administration has ever made.

The final goal of our foreign assistance is alleviating poverty through economic growth. On this front, our flagship initiative is the Millennium Challenge Corporation, or MCC. Since 2004, the MCC has signed development compacts with eleven countries worth a total of \$3 billion. MCC works with transforming countries that meet objective standards of progress for governing justly, advancing economic liberty, and investing in their people. This money is given in the form of grants, not loans, and the compacts are designed and managed by recipient countries themselves, reinforcing their ownership of their fight against poverty. These resources complement and amplify the impact of our investments in other foreign assistance accounts and provide a clear trajectory and incentive for countries to continue institutional improvement.

Ultimately, there are limits to what development assistance can achieve. For a country to unlock the potential of its people to increase economic productivity, create jobs, and combat poverty, it must integrate its economy into regional and global networks of free trade. The President remains committed to achieving a successful outcome to the World Trade Organization's Doha Development Agenda – one that opens markets, creates new trade, and strengthens the rules-based system. As a part of the President's robust trade agenda, we have negotiated ten free trade agreements (FTAs) with 15 countries worldwide, and Congress has already approved agreements with 12 of these countries. Most recently, we signed FTAs with Colombia and Peru, and we completed negotiations with Panama. We look to Congress to support these important agreements.

Mr. Chairman, Members of the Committee:

The State Department has assumed substantial new responsibilities as a national security agency in the war on terrorism. We are the lead agency on many of the tasks in the Administration's National Counterterrorism Strategy. Using our existing authority, we are taking dramatic steps to make our foreign assistance more effective and to enhance our ability to serve as responsible stewards of the American taxpayers' money.

Our role in advancing peace and security is growing. We need increased funding to push this agenda forward, but in recent years Congress has significantly reduced the Administration's requests for International Affairs. Without greater support for our request, we will fall short of our goal of protecting America and advancing our vision of a better world.

In this challenging time, the men and women of American diplomacy are doing all that we are asking of them – and much more. They are nobly answering the call to service and shouldering their national security mission. I ask you to provide the resources we need to play our part.