

# DEPARTMENT OF STATE AND INTERNATIONAL ASSISTANCE PROGRAMS

## Since 2001, the Administration:

- Built a broad coalition of nations committed to winning the War on Terror. President Bush led this coalition to remove threats to world security, including the oppressive regimes in Iraq and Afghanistan and to destroy terrorist cells, disrupt terrorist operations, and prevent attacks;
- Proposed and secured authorization for a bold five year, \$15 billion plan to defeat AIDS, the single largest international public health initiative ever attempted to defeat disease;
- Strengthened America's economy by opening new markets to U.S. goods and services by forging new trade agreements; and
- Proposed the Millennium Challenge Corporation, a new pathway to prosperity for developing nations that govern justly, invest in the health and education of their people and promote economic freedom.

## The President's Budget:

- Provides over \$5.7 billion in military and economic assistance to front-line states in the war on terror;
- Affirms our commitment to the citizens of Afghanistan by providing \$1.2 billion for economic reconstruction and democracy-building;
- Promotes efforts to expand democracy in the Greater Middle East, including doubling funding to \$80 million for the National Endowment for Democracy and increasing funding to \$150 million for the Middle East Partnership Initiative;
- Broadens assistance to reduce and prevent the proliferation of weapons of mass destruction, their delivery systems and related equipment, materials, and expertise;
- Maintains strong U.S. leadership globally in funding international HIV/AIDS care, treatment and prevention. The President's 2005 Budget provides \$2.8 billion to combat AIDS in the most afflicted countries in Africa and the Caribbean;
- Provides \$2.5 billion for the second year of the Millennium Challenge Account paving the way to reach the President's commitment of \$5 billion in 2006; and
- Continues a multi-year effort to secure all overseas embassies and posts to protect U.S. Government employees and their families.

**State Department**

Colin Powell, Secretary

[www.state.gov](http://www.state.gov) 202-647-4000**Number of Employees:** 30,266**2005 Discretionary Budget Authority:**  
\$10.3 billion**Major Assets:** 260 embassies, consulates,  
and other posts worldwide.

Secretary Powell shaking hands with a Colombian counter-narcotics soldier.

**OVERVIEW**

Secretary of State Colin Powell leads a complex and diverse organization that represents the United States in 180 foreign countries and 44 international organizations, operating a total of more than 260 embassies, consulates and other posts. The 2005 Budget proposes \$30.4 billion for the Department of State and related international affairs agencies including the U.S. Agency for International Development (USAID). Recognizing the pivotal role these agencies play in our national security, the Bush Administration has increased the international affairs budget by nearly 40 percent since 2001.

**U.S. Diplomacy Today**

*There is no country on earth that is not touched by America, for we have become the motive force for freedom and democracy in the world. And there is no country in the world that does not touch us. We are a country of countries with a citizen in our ranks from every land. We are attached by a thousand cords to the world at large, to its teeming cities, to its remotest regions, to its oldest civilizations, to its newest cries for freedom. This means that we have an interest in every place on this Earth that we need to lead, to guide, to help in every country that has a desire to be free, open and prosperous.*

Secretary Colin L. Powell  
January 2001

The State Department is the face of America worldwide as it leads in formulating and implementing U.S. foreign policy. Its broad mission includes protecting U.S. national security and promoting U.S. interests through representation and negotiation with other governments and in international organizations such as the United Nations. To support their mission, the State Department and USAID are fully aligning assistance efforts through a common Strategic Plan and establishing joint policy

and management councils. USAID works in 75 countries, implementing programs that promote economic growth, democracy, human rights, education, sound environmental policies, agriculture, trade and global health, including treating and preventing HIV/AIDS.

Under the authority of an Ambassador, the average U.S. Embassy includes six agencies handling a variety of issues from agriculture to peace talks. In addition, our embassies provide a gateway to millions each year who wish to visit or immigrate to America. Embassies also serve U.S. citizens abroad, assisting with travel emergencies and helping them return home safely. A number of other agencies also play central roles in foreign policy development and implementation. The Department of the Treasury is responsible for international monetary and financial policy and provides funding and oversight for the Multilateral Development Bank, bilateral fiscal and financial technical assistance and international debt issues. The Export-Import Bank, Overseas Private Investment Corporation and Trade and Development Agency provide grant and credit assistance to promote economic development and U.S. exports to developing and emerging markets. The Peace Corps sends volunteers to over 71 countries throughout the world, while the Broadcasting Board of Governors promotes democracy through broadcasting objective news and information to regions of the world where there is a dearth of freedom and open information.



New U.S. Embassy in Dar es Salaam, Tanzania. A terrorist bomb destroyed the old embassy in 1998.

### ***The President's Vision for 2005***

The President's top foreign policy priority is winning the war on terror. Forty-eight percent of the President's State Department and International Assistance Budget directly supports the war on terror by assisting our allies and strengthening the United States' diplomatic posture. For example, the Budget provides \$1.2 billion for Afghanistan reconstruction, security and democracy building, and over \$5.7 billion is provided for assistance to countries around the world that have joined us in the war on terror. In addition, \$3.5 billion indirectly supports the war on terror by strengthening our ability to respond to emergencies and conflict situations. The President's bold initiatives to fight HIV/AIDS and to create the Millennium Challenge Corporation are funded at \$5.3 billion, which will support stability and improve the quality of life for the world's poor.

## **FIGHTING THE WAR ON TERROR**

Fighting and winning the war on terror remains our foremost foreign policy goal. Winning on the battlefield is just one step in defeating terrorism. To eradicate terrorism, the United States must help create stable governments in nations that once supported terrorism. To this end, in 2005, our foreign affairs agencies will continue to focus on reconstruction of Iraq and Afghanistan, support our coalition partners to further counterterrorism, law enforcement and intelligence cooperation and expand democracy, especially in the Greater Middle East.

*The establishment of a free Iraq at the heart of the Middle East will be a watershed event in the global democratic revolution.*

President George W. Bush  
Addressing the National Endowment for Democracy  
November 2003

### ***Building a Free and Prosperous Iraq***

The United States faces the great challenge of supporting the Iraqi people in developing a secure, free and prosperous nation. The U.S. Government is contributing \$21 billion in reconstruction funds and humanitarian assistance to this effort. The World Bank and the International Monetary Fund are expected to provide another \$4-8 billion in loans and grants. These resources, coupled with the growing assistance of international donors, will support the transition from dictatorship to democracy and lay the foundation for a thriving market economy and political system that respects human rights and represents the voices of all Iraqis.

Following the end of major hostilities last spring, the Coalition Provisional Authority (CPA) and the Iraqi Governing Council have made great strides in the areas of security, economic stability, growth and democratization. Iraqi security forces now comprise more than half of the total security forces in the country. In addition, CPA has established a New Iraqi Army, issued a new currency and refurbished and equipped schools and hospitals. On November 15, CPA and the Governing Council agreed to return sovereignty to the Iraqi people by June 2004.



CPA Chief Financial Officer delivering new currency.



Working to restore electricity.

Much work remains to be done. Working with our coalition partners, we will continue to train Iraqi police, border guards, the Civil Defense Corps and the Army to ensure the country's successful transition to democratic self-governance and a stable future. At the same time, we are helping provide critical infrastructure, including clean water, electricity and reliable telecommunications systems essential for meeting basic human needs as well as for economic and democratic development.

**Real Progress in Iraq**

	<b>Under Saddam Hussein Regime (March 2003)</b>	<b>Post-Liberation (December 2003)</b>
Democracy: Citizen Representation.	None	111 district councils 296 city/subdistrict councils 488 neighborhood councils
Education: Number of Newly Renovated Facilities .....	None	1,509 completed. 624 ongoing.
Public Health: Immunization Rates...	60%	70–80%
Infrastructure: Port of Umm Qasr .....	Virtually inoperable. Only one berth to accommodate ships.	Open for business. 21 berths accommodate ships.
Economy: Currency .....	Two easily counterfeited currencies and not fully convertible.	New single currency with anti-counterfeit characteristics and fully convertible.

***A Free and Stable Afghanistan***

The United States is committed to seeing a stable and democratic Afghanistan that is free from terror and no longer harbors threats to our security. After the United States and its coalition partners defeated the Taliban government, we faced the daunting task of helping the Afghan people rebuild their country. The United States has demonstrated its commitment to this partnership, providing over \$3.7 billion in economic and security assistance to Afghanistan since 2001.

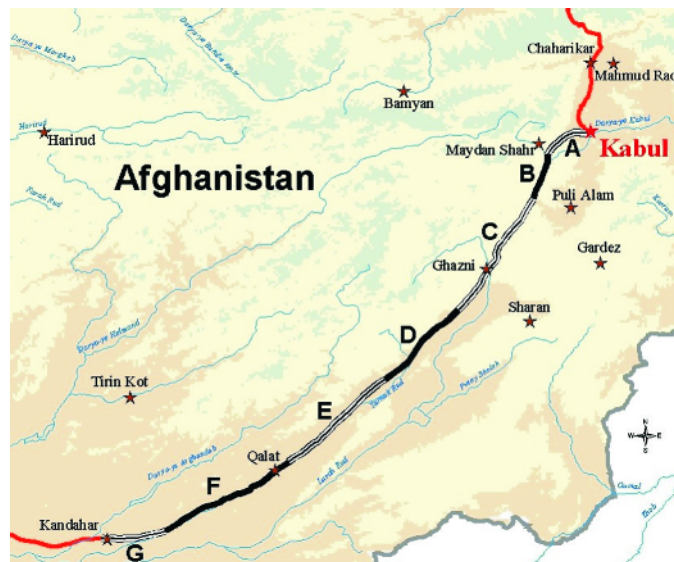
Through our assistance and that of the international community, the government of Afghanistan is successfully navigating the transition that began in October 2001. Afghanistan adopted a constitution in January 2004 and is preparing for democratic national elections in June. With technical assistance from the United States, Afghanistan successfully introduced a new stable currency in October 2002 and is working to improve revenue collection in the provinces. The lives of women and girls are improving as women pursue economic and political opportunities and girls return to school. Since 2001, the United States has rehabilitated 205 schools and 140 health clinics and trained 13 battalions of the Afghan National Army (ANA). President Bush’s commitment to de-mine and repave the entire stretch of the Kabul-Kandahar highway was fulfilled. The road had not been functional for over 20 years. What was once a 30-hour journey can now be accomplished in five or six hours.

While the Afghanistan of today is very different from the Afghanistan of September 2001, there is still much left to accomplish. In the near-term, the United States will assist the government of Afghanistan in its preparations for elections in June to ensure that they are free and fair.



New water pump in Afghanistan.

We will continue to implement assistance on an accelerated basis to show tangible benefits to the Afghan people. The 2005 Budget contains \$1.2 billion in assistance for Afghanistan that will concentrate on education, health, infrastructure and assistance to the ANA. For example, U.S. assistance efforts will focus on rehabilitation and construction of an additional 275 schools and 150 health clinics by June 2004, and complete training and equipping of 15 army battalions. The United States will also extend the Kabul-Kandahar road to Herat so that people and commerce will be linked east and west across Afghanistan between three of the largest cities.



Map of Kabul-Kandahar road, Afghanistan.

### ***Support for Our Coalition Partners***

As part of the war on terror, the President established a clear policy to work with other nations to meet the challenges of defeating terror networks with global reach. This commitment extends to front-line states that have joined us in the war on terror and to those nations that are key to successful transitions to democracy in Iraq and Afghanistan.



President Bush talks with President Gloria Macapagal-Arroyo of the Philippines at the White House.

The State Department coordinates our counterterrorism capacity-building assistance to foreign countries. Our assistance enables countries cooperating closely with the United States to prevent future attacks, improve counterterrorism capabilities and tighten border controls. The 2005 Budget for International Affairs provides over \$5.7 billion for assistance to countries around the world that have joined us in the war on terror, including Turkey, Jordan, Afghanistan, Pakistan, Indonesia, and the Philippines.

U.S. assistance has also resulted in unparalleled law enforcement and intelligence cooperation that has successfully destroyed terrorist cells, disrupted terrorist operations and prevented attacks. There are many counterterrorism successes in cooperating countries and international organizations. For example:

- Pakistan has apprehended more than 500 al-Qaida and Taliban terrorists under the leadership of President Musharraf and implemented stronger border security measures and law enforcement cooperation throughout the country.
- Jordan continues its strong counterterrorism efforts, including arresting two individuals with links to al-Qaida who admitted responsibility for the October 2002 murder of a USAID Foreign Service officer in Amman.

- The North Atlantic Treaty Organization has endorsed an ambitious transformation agenda designed to enhance its capabilities by increasing deployment speed and agility to address new threats of terrorism.
- Colombia has developed a democratic security strategy as a blueprint for waging a unified, aggressive counterterror-counterterrorism campaign against designated foreign terrorist organizations and other illegal armed groups.

The United States and Southeast Asian allies have made significant advances against the regional terrorist organization Jemaah Islamiyah which was responsible for the Bali attack last October that killed more than 200 people. In early August 2003, an Indonesian court convicted and sentenced a key figure in that bombing.

Since September 11, 2001, 173 countries have issued orders to freeze the assets of terrorists. As a result, terror networks have lost access to nearly \$200 million in more than 1,400 terrorist-related accounts around the world. The World Bank, International Monetary Fund, and other multilateral development banks have also played an important role in this fight by strengthening international defenses against terrorist finance.



President Bush and Secretary Powell attend the North Atlantic Council Summit in 2002.

*All governments that support terror are complicit in a war against civilization. No government should ignore the threat of terror, because to look the other way gives terrorists the chance to regroup and recruit and prepare. And all nations that fight terror, as if the lives of their own people depend on it, will earn the favorable judgment of history.*

President George W. Bush  
Addressing the United Nations  
September 2003

While progress has been made in attacking terrorist organizations both globally and regionally, much work remains to be done. The 2005 President's Budget strengthens our financial commitment to our coalition partners to wage the global war on terror. Highlights of the President's request include \$693 million for Pakistan to help advance security and economic opportunity for Pakistan's citizens, including a multi-year educational support program; \$459 million for Jordan to accelerate economic growth opportunity and strengthen border controls; and \$463 million for Colombia to support President Uribe's unified campaign against drugs and terrorism.

### ***Combating the Spread of Weapons of Mass Destruction***

The Department of State plays a major role in the Administration's strategy to combat the spread of weapons of mass destruction (WMD). Diplomacy is key to efforts to dissuade supplier states from cooperating with proliferant states and to induce proliferants to end their WMD and longer-range missile programs.

The Administration strategy has achieved notable success. Iraq no longer poses a threat and Libya has pledged to eliminate all its WMD and delivery programs. We will continue to build coalitions to support our efforts to control and defeat WMD.

Key efforts include broader and deeper participation in the Proliferation Security Initiative, increased support for nonproliferation and threat reduction assistance, including the G-8 Global Partnership, and strengthened implementation of nonproliferation regimes such as the Nuclear Nonproliferation Treaty, Chemical Weapons Convention, Biological Weapons Convention, and Missile Technology Control Regime.

Nonetheless, the pursuit of WMD by North Korea, Iran, Syria, and other states and their terrorist allies continues to threaten global security.

### ***Expansion of Democracy in the Greater Middle East***

*The United States has adopted a new policy, a forward strategy of freedom in the Middle East. This strategy requires the same persistence and energy and idealism we have shown before. And it will yield the same results. As in Europe, as in Asia, as in every region of the world, the advance of freedom leads to peace.*

President George W. Bush

20th Anniversary of the National Endowment for Democracy, Washington, D.C.

November 2003

In many nations of the Greater Middle East, democracy has not yet taken root. Expanding democracy to this region is critical to eradicating international terrorism. The United States continues to increase its diplomatic and assistance activities in the Greater Middle East to promote democratic voices, support increased accountability in government, assist local efforts to strengthen respect for the rule of law, assist independent media and invest in the next generation of leaders. These efforts focus particularly on strengthening the role of women in the political process.



Learning computer skills at the Women's Empowerment Center in Hilla, Iraq.

As the President has emphasized, reform in the Greater Middle East is of vital importance to the future of peace and stability in that region as well as to the national security of the United States. As long as freedom and democracy do not flourish in the Greater Middle East, conditions will continue to breed resentment and despair and the region will serve as an exporter of violence and terror to free nations. For the United States, promoting democracy and freedom in the Greater Middle East is a difficult yet essential calling.

There are promising developments upon which to build. The government of Jordan, for example, is committed to accelerating reform.

Results include free and fair elections, three women holding Cabinet Minister positions for the first time in Jordan's history, and major investments in education. Positive developments also can be found in Morocco which held parliamentary elections last year that were acclaimed as the most free, fair and transparent in its history.



In April 2003, the Administration launched the Middle East Partnership Initiative (MEPI), an intensive inter-agency effort to support political and education reform and economic development in the region. The President is continuing his commitment by providing \$150 million in 2005 for these efforts.

To enhance this U.S. Government effort with a key non-government organization, the President has doubled the National Endowment for Democracy (NED) budget to \$80 million specifically to create a Greater Middle East Leadership and Democracy Initiative. NED is a leader in efforts to strengthen democracy and tolerance around the world through its work with civil society organizations.

### ***Public Diplomacy in the Greater Middle East***

Democracy flourishes with freedom of information and exposure to diverse ideas. The President's 2005 Budget promotes expansion of democracy in the Greater Middle East by providing public access to information through exchange programs and the Middle East Broadcasting Network.

New public diplomacy efforts including the Partnerships for Learning (P4L) and Youth Exchange Study (YES) initiatives have been created to reach a younger and more diverse audience through academic and professional exchange programs. In 2005, the P4L and the YES programs, funded at \$61 million, will focus more on youth of the Muslim world, specifically targeting non-traditional, non-elite, often female and non-English speaking youth.

The United States' broadcasting initiatives in the Greater Middle East encourage the development of a free press and provide Middle Eastern viewers and listeners access to a variety of ideas. The United States revamped its Arabic radio broadcasts in 2002 with the introduction of Radio Sawa, which broadcasts to the region 24 hours a day. As a result, audience size for our Arabic broadcasting increased from under two percent in 2001 to over 30 percent in 2003. Based on this successful model, the United States introduced Radio Farda to broadcast to Iran around the clock. Building on this success, the 2005 President's Budget provides over \$70 million for Arabic and Persian radio and television broadcasts to the Greater Middle East. In early 2004, the United States will launch the Middle East Television Network, an Arabic language satellite network that will have the capability of reaching millions of viewers and will provide a means to better understand democracy and free market policies, as well as the United States and its people.



Student leaders from North Africa and the Greater Middle East participating in the Young Ambassadors Study of the United States Institute.



Broadcasters read the news in one of Radio Sawa's studios in Washington, D.C.

## NEW APPROACH TO GLOBAL PROSPERITY

President Bush's approach to global economic growth emphasizes proven American values: ruling justly, investing in people and encouraging economic freedom. President Bush has pledged to increase economic engagement with and support for countries that commit to these goals through an ambitious trade agenda and new approaches to development assistance focusing on country performance and measurable results.

### *Millennium Challenge Account*

With nearly three billion people living on less than \$2 a day, the need for a new approach to global development is essential. In response, President Bush proposed the Millennium Challenge Account (MCA) to provide a new pathway to economic development. The MCA will select countries that demonstrate a commitment to ruling justly, investing in their people and encouraging economic freedom to work in partnership to strengthen economic growth and reduce poverty.

In February of 2003, the Administration sent the Congress a budget request for the MCA and legislation to authorize the creation of the Millennium Challenge Corporation (MCC), the agency designed to support these innovative development strategies and to ensure accountability for results.

The MCC will fund proposals for grants that have clear, measurable objectives, a sound financial plan and indicators for assessing progress.

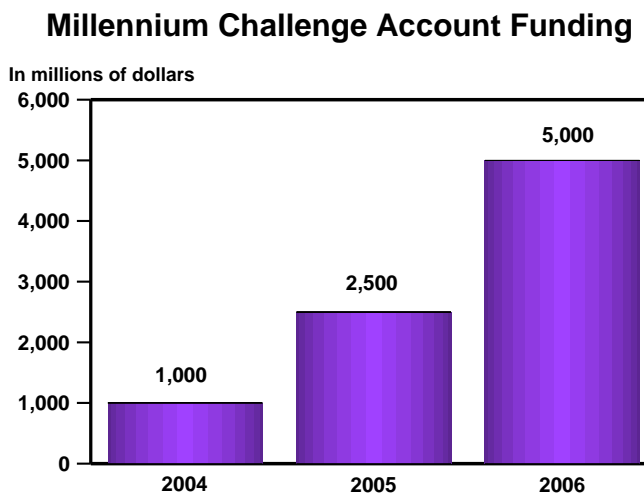
The Congress appropriated \$1 billion for MCA for 2004. The 2005 Budget request of \$2.5 billion makes a significant second year increase to the MCA and paves the way to reaching the President's commitment of \$5 billion in 2006.

### *Trade Promotion Authority*

President Bush recognizes that America and the world benefit from free trade. For this reason, one of his first actions upon taking office in 2001 was to seek Trade Promotion Authority allowing him to negotiate market-opening agreements with other countries. The President intends to vigorously pursue his free trade agenda in order to grow developing countries out of poverty, while creating high-paying job opportunities for America's workers, businesses, farmers and ranchers and benefiting all Americans through lower prices and more choices.

Since receiving this authority in 2002, the President has made good on his promise, completing free trade agreements with Chile and Singapore, which were quickly approved by the Congress. He will soon complete similar market-opening agreements with Morocco, Central American countries, and Australia. These agreements combine intellectual property and investment protections for U.S. companies with commitments for strong environmental and labor protections by our partners.

Building on this significant progress, the President is determined to do more to open markets to U.S. goods and services. He intends to complete ongoing free trade negotiations with the South African Customs Union and finalize negotiations for a Free Trade Area of the Americas by 2005 and



*Open trade fuels the engines of economic growth that creates new jobs and new income. It applies the power of markets to the needs of the poor. It spurs the process of economic and legal reform. It helps dismantle protectionist bureaucracies that stifle incentive and invite corruption. And open trade reinforces the habits of liberty that sustain democracy over the long term.*

President George W. Bush  
Addressing the Organization of American States  
April 2001

intends to launch free trade negotiations with Bahrain, Thailand, the Dominican Republic, Panama and the Andean countries of Colombia, Ecuador, Bolivia and Peru. The President has also stated his vision for a Middle East Free Trade Area by 2013, to ignite economic growth and expand opportunity in this critical region. Finally, the President is committed to successfully concluding the World Trade Organization's Doha agenda, which the United States played a crucial role in launching. In these negotiations, the President has submitted far-reaching proposals to remove all tariffs on manufactured goods, open agriculture and services markets and address the special needs of poorer developing countries in order to advance global free trade.

### ***Increasing Economic Growth and Stability in Developing Countries***

President Bush believes that each country, by following proven economic principles, can contribute significantly to the achievement of greater growth and stability. The President also believes that international assistance should be targeted at countries with positive growth policies where specific results can be measured. The President is delivering on his pledge to increase assistance to countries not only through the MCA initiative but also through the Multilateral Development Banks (MDBs). The United States is the first country to link a portion of its contribution to the International Development Association (IDA) to actual results.

The World Bank and the other MDBs have increased the portion of assistance they provide as grants to the poorest countries enabling these countries to make more productive investments without incurring ever larger debt burdens. The Administration is working to extend this effort to include larger portions of assistance at all the MDBs.

## **CARING FOR THE WORLD'S MOST VULNERABLE CITIZENS**

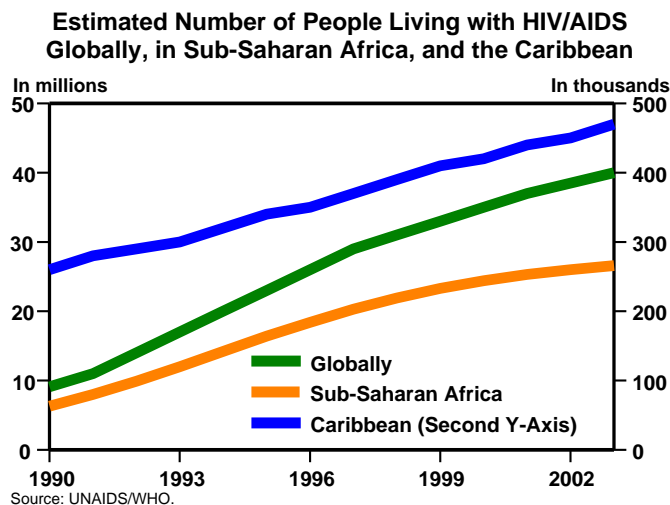
### ***Emergency Plan for AIDS Relief***

When President Bush took office in January 2001, the HIV/AIDS pandemic was at an all time high. The estimated number of adults and children living with HIV/AIDS globally was 37 million, with 68 percent of those individuals living in sub-Saharan Africa. From 1993 to 2001 the total U.S. Government global AIDS budget was \$1.9 billion. As part of the Emergency Plan for AIDS Relief, the President proposed \$2.0 billion in 2004 as the first installment of a five-year, \$15 billion initiative, surpassing nine years of funding in a single year. The President's Emergency Plan for AIDS Relief represents the single largest international public health initiative ever attempted to defeat a disease. The President's Plan targets an unprecedented level of assistance to 14 of the most afflicted countries in Africa and the Caribbean to defeat HIV/AIDS. In addition, programs will continue in 75 other countries.

By 2008, the President's Plan will prevent seven million new infections; treat two million HIV-infected people; and care for 10 million HIV-infected individuals and those orphaned by AIDS in Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia.

Announced during the President's State of the Union address on January 28, 2003, the Emergency Plan provides \$15 billion over five years for those countries among the hardest hit by the pandemic and includes \$1 billion for the Global Fund to Fight AIDS, Tuberculosis and Malaria. The 2005 Budget provides \$2.8 billion to combat global AIDS, more than tripling the funding for international HIV/AIDS since the President took office.

Over the past year, the Administration worked with the Congress to pass legislation laying the groundwork for the Emergency Plan for AIDS Relief and appointed a senior official reporting directly to the Secretary of State to coordinate all U.S. Government international HIV/AIDS activities. The Coordinator has taken steps to rapidly initiate and expand services for prevention, care for orphans and vulnerable children, and care and antiretroviral treatment for HIV-infected adults.



*There are only two possible responses to suffering on this scale. We can turn our eyes away in resignation and despair, or we can take decisive, historic action to turn the tide against this disease and give the hope of life to millions who need our help now. The United States of America chooses the path of action and the path of hope.*

President George W. Bush  
April 2003

As a crucial next step, the 2005 Budget expands on the Emergency Plan. By working together as a highly collaborative team and placing primary ownership of these efforts in the hands of the countries that we are helping, the Department of State, USAID, the Department of Health and Human Services, and other U.S. Government agencies can use significantly increased resources quickly and effectively to achieve the President's ambitious goals in the fight against global AIDS.

### ***Helping Those in Greatest Need- Emergency Humanitarian Assistance***

The President's Budget reflects a continued commitment to humanitarian assistance.

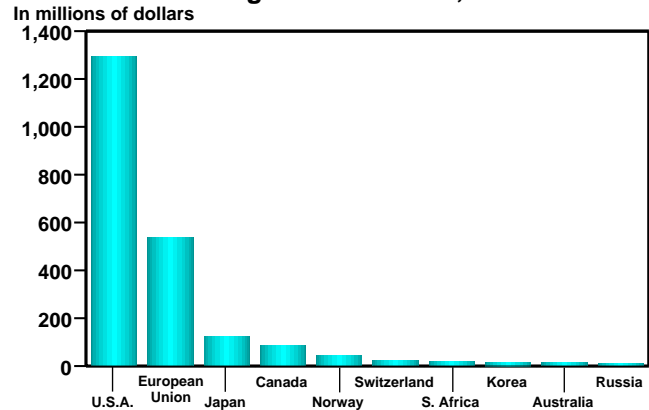
The 2005 Budget maintains U.S. leadership in providing food and non-food assistance to refugees, internally displaced persons and other vulnerable people in all corners of the world. In addition, the Budget reflects the findings of the Program Assessment Rating Tool (PART) evaluations completed for the United Nations High Commissioner for Refugees and for USAID's P.L. 480 Title II international food assistance, which confirmed a clear purpose for these programs.

In 2003, the Administration provided funding to several international and non-governmental organizations to assist nearly 200,000 Angolan refugees and internally displaced persons returning home after decades of civil war.

In drought-affected Ethiopia, the Administration led international efforts to prevent widespread famine among 13 million vulnerable people, providing over one million metric tons of emergency food aid to the World Food Program, funding immunizations for weakened children and supplying emergency seeds to farmers.

In Sudan, the Administration worked with the United Nations and the Government of Sudan so that vital assistance could be delivered to the Sudanese people, including approximately 125,000 metric tons in food aid, as well as non-food assistance, such as sanitation and water. The 2005 Budget includes \$436 million in humanitarian and development assistance funding, including an estimated \$100 million in food aid, to continue to support the Sudanese people as the country works toward a long-lasting peace settlement.

**Top 10 Donors to the World Food Program Through November 24, 2003**



Source: World Food Program.



Angolan refugees receiving assistance.

The 2005 Budget ensures that the Administration can continue to respond quickly and appropriately to victims of conflict and natural disasters, to help those in greatest need of food, shelter, health care and other essential assistance, including those in areas starting to recover from conflict and war, such as Liberia. In particular, the Budget requests \$100 million in funding for a flexible account to give the President the ability to respond to unforeseen emergency needs, the Emergency Fund for Complex Foreign Crises.

## KEEPING AMERICANS SAFE AT HOME AND ABROAD

### *Capital Security Cost Sharing Program*

The State Department has the responsibility to protect more than 60,000 U.S. Government employees who work in embassies and consulates abroad. Since the 1998 bombings of two U.S. embassies in East Africa, the State Department has improved physical security overseas. Many posts require additional work to withstand terrorist attacks and other dangers, however. To accelerate this effort, in 1999, the State Department launched a security upgrade and construction program to begin to address requirements in more than 260 embassies and consulates.

This Administration, working with the Congress, accelerated the pace of improving and building new secure facilities and reorganized the Overseas Building Office to successfully manage the effort.

Within the Budget, the Administration is launching a plan to replace the remaining 150 embassies and consulates that do not meet current security standards over the next 14 years, for a total cost of \$17.5 billion. To fund construction of these new embassy compounds, the Administration will begin the Capital Security Cost Sharing (CSCS) Program in 2005. The CSCS will be phased in over a five-year period, beginning in 2005.



Ongoing embassy construction in Yerevan, Armenia.

Each agency with staff overseas will contribute annually towards construction of the new facilities based on the number of positions and the type of space occupied. The cost shares in 2005 were agreed to by each agency in consultations with the State Department's Overseas Building Office.

Capital Security Cost Sharing is also a major component of the President's Management Agenda initiative on Rightsizing. Along with securing facilities, this Administration has focused on assuring that overseas staff is deployed where they are needed to effectively serve U.S. interests. As agencies assess the real cost of maintaining staff overseas, they

will adjust their overseas staffing levels and new embassies will be built to suit appropriate staffing levels. The program is already producing results.

### ***Border Security***

The Department of State seeks to use the visa process to accomplish its goal of secure borders and open doors. More effective information sharing and more careful screening of applicants will result in improved national security measures that both protect U.S. border security and promote legitimate international travel.

Since September 11, 2001, Consular Affairs at the State Department with both Customs and Border Protection and the Bureau of Citizenship and Immigration Services at the Department of Homeland Security have been working cooperatively to achieve their goals more effectively by sharing information and integrating information technology systems.

The Department of State has invested substantial time, money and effort in revamping the visa and passport process as well as their provision of American Citizen Services. The Department has more than doubled its database holdings on individuals who should not be issued visas, increased training for all consular officers, established special programs to more fully vet applications, increased the number of skilled, American staff working in consular sections overseas and improved data-sharing

#### **State Department and Homeland Security**

The State Department will be an active partner in the Terrorist Screening Center (TSC). The TSC, established in December 2003, will maintain a single, consolidated watchlist of terrorist suspects to be shared with Federal, State, local and private entities in accordance with applicable law. The Department of State will also participate in the Terrorism Threat Integration Center, an inter-agency effort aimed at integrating and analyzing terrorist threat information collected both domestically and abroad.

among agencies. The State Department along with the Department of Homeland Security is currently developing biometrics such as fingerprints and digital photographs or iris scans for both visas and passports in order to fulfill requirements of the PATRIOT and Border Security Acts and the International Civil Aviation Organization. The Budget in 2005 includes \$175 million (including \$100 million from new fees) for biometric projects, including photographs and fingerprints.

In order to achieve its goals, the State Department plans to expand the use of biometrics to improve security in the visa and passport processes; more effectively fill gaps worldwide by hiring people with specific skills including language expertise; improve and maintain all consular systems; and more broadly expand data sharing with all agencies with border control or immigration related responsibilities.

The Border Security program underwent a PART analysis in the development of the 2004 and 2005 Budgets, and this Budget reflects the results of those analyses. The Department is encouraged to follow through on program management improvements that clearly link it to the Department of Homeland Security goals related to visa policy.

## REBUILDING DIPLOMATIC READINESS

The Diplomatic Readiness Initiative (DRI) was created in 2002 by Secretary Powell to address staffing and training gaps. The goals of DRI were to hire 1,158 new foreign and civil service employees over a three-year period, support training opportunities for staff, enhance the Department's ability to respond to crises and emerging priorities overseas and at critical domestic locations, improve Department hiring processes to recruit personnel from more diverse experiences and cultural backgrounds, and fill critical skill gaps.



Secretary Powell with New Foreign Service Officers.

Through DRI, the Department has created new mandatory leadership and management training, enhanced public diplomacy and consular training and afforded significant increases to the amount of language training available for new Foreign Service officers. DRI hiring has supported the Department efforts in responding to crises since September 11<sup>th</sup> and provided the additional resources necessary to staff overseas locations that truly represent the front line in the war on terror. DRI has also transformed the Department's recruiting process and contributes to the Secretary's emphasis on a Foreign Service that reflects America. In 2000, 8,000 applicants took the Foreign Service written exam. By the April 2003 exam, that number had risen steadily to over 20,000 persons, a 250-percent increase.

Some of these positions are being diverted to support new requirements not envisioned by DRI, such as permanently staffing new embassies in Afghanistan and Iraq and Sudan. As a result, the 2005 Budget provides the additional resources to finalize the Secretary's DRI commitment. DRI has allowed the Department to focus on recruiting, training and retaining a high quality work force, sized to requirements that can more flexibly respond to the dynamic and demanding world in which we now live.

USAID has begun a similar effort to address gaps in staffing in technical skills, the Development Readiness Initiative. USAID plans to hire approximately 40 Foreign Service Officers in 2004 under this initiative. The Budget includes authority for USAID to hire up to 50 additional Foreign Service Officers in 2005, in order to fill critical skill gaps identified through a comprehensive workforce analysis.

## PERFORMANCE EVALUATION OF SELECT PROGRAMS

The Budget continues to focus on improving program performance. Seventeen of the State Department's programs and 11 International Assistance programs were assessed using the Program Assessment Rating Tool (PART), which evaluated the programs' design and purpose, strategic planning efforts, how well they are managed, and whether they are generating positive results for taxpayers. Below are some of the highlights and recommendations from the PART evaluations. For further details on Department of State and International Assistance Programs performance assessments, see the White House budget website at [www.whitehouse.gov/omb/budget/](http://www.whitehouse.gov/omb/budget/).

Program	Rating	Explanation	Recommendation
Department of State—Worldwide Security Upgrades	Moderately Effective	The managers of the program continually strive to attain clear, well-established long term goals. However, the program lacks clear annual budget and performance targets and a link between goals and the 2005 Budget request.	The Department is encouraged to continue work on the development of annual performance measures that would link to the total funding level requested.
Department of State-UN High Commissioner for Refugees (UNHCR)	Moderately Effective	The program purpose is clear and managers work closely with UNHCR to ensure that U.S. goals are understood and included in the organization's planning. However, UNHCR needs to improve its financial management system so that it is clear that funds are being used effectively.	The State Department should continue to work with UNHCR to improve its financial management system.
Broadcasting Board of Governors—Near East and South Asia Broadcasting	Moderately Effective	The program is dramatically increasing its reach, particularly to Arabic-speaking populations. It has improved its planning processes, but lacks performance measures that capture how successful the program is in promoting democracy or influencing listeners' views.	Design performance measures that capture the quality of the programming and the impact radio broadcasts have on the views of listeners in the region.



Program	Rating	Explanation	Recommendation
USAID—Office of Transition Initiatives (OTI)	Moderately Effective	OTI provides fast, flexible and short-term assistance to conflict-prone countries to bridge the gap between traditional immediate-term relief and longer-term development. Overall, the program’s management and performance is strong, particularly its performance measurement at the individual country/program level.	Develop baselines, timeframes and targets for its short-term and long-term performance measures so that the aggregate effectiveness of OTI can be measured. Develop a performance measure that better measures the sustainability of transition initiative outcomes.
Treasury—Office of Technical Assistance (OTA)	Adequate	OTA has taken numerous steps to address strategic management deficiencies identified in last year’s assessment. In particular, OTA has developed a new Project Management Tracking System and will require that all OTA establish long-term and annual performance measures. OTA still needs to give considerable thought to long-term and annual measures and targets.	OTA will continue to work on and implement long-term and annual measures and targets for each team and for OTA overall.

### UPDATE ON THE PRESIDENT’S MANAGEMENT AGENDA

The table below provides an update on State Department’s implementation of the President’s Management Agenda as of December 31, 2003.











	Human Capital	Competitive Sourcing	Financial Performance	E-Government	Budget and Performance Integration
<b>Status</b>	●	●	● ↑	●	● ↑
<b>Progress</b>	●	●	●	●	●



*Arrows indicate change in status rating since evaluation as of September 30, 2003.*

State Department won the International Public Management Association for Human Resources Federal Section Leading Edge Award reflecting the Department’s progress in making its human resources strategies conform with its mission. Notably, State Department and USAID published an integrated Strategic Plan. For Competitive Sourcing, the State Department is conducting a market analysis, benchmarking and organizational assessment for its Multi-Media Services organization. The Department is on track to complete security certification and accreditation of major information technology systems by the end of 2004. In 2002, the Inspector General reported more than 90 percent of the Department’s systems were vulnerable. Also, State Department completed its roll-out of a new financial management system that is compliant with Federal standards.

### ***U.S. Agency for International Development's Presidential Management Scorecard***

The table below provides an update on USAID's implementation of the President's Management Agenda as of December 31, 2003.

	Human Capital	Competitive Sourcing	Financial Performance	E-Government	Budget and Performance Integration
<b>Status</b>					
<b>Progress</b>					
<p>USAID started its new Faith-based and Community Office Initiative scorecard this quarter. Notably, State Department and USAID published an integrated Strategic Plan. In addition, USAID finalized a recruitment strategy to implement the Development Readiness Initiative in 2004 and to staff Iraq and Afghanistan. USAID received its first-ever clean audit opinion and issued USAID financial statements and Performance and Accountability Report on schedule.</p>					

Initiative	Status	Progress
A "Right-Sized" Overseas Presence		
<p>President Bush emphasized the importance of safety, efficiency and accountability in U.S. Government staffing overseas by identifying Rightsizing as part of the President's Management Agenda (PMA). Rightsizing is ensuring that the mix of U.S. Government agencies and personnel overseas is appropriately aligned with our foreign policy priorities, security concerns and overall resources. There are currently four major components of the rightsizing PMA agenda: the Capital Security Cost Sharing Initiative (discussed earlier in the chapter); development of the "Creekbed" regional facility in Frankfurt, Germany scheduled to open in 2005; an "Outside the Box" regionalization analysis and best practices exercise focusing on the development of a regional architecture and shared-services model, led by the State Department in consultation with OMB; and the institution of an annualized process whereby each agency with staff overseas reports and accounts for their staff and costs associated with those staff as a part of the budget process. These initiatives as well as ongoing efforts by OMB, the Department of State, and other rightsizing partners to refine a rightsizing methodology will be used to conduct systematic rightsizing reviews of U.S. missions worldwide through 2005.</p>		

**Department of State and International Assistance Programs**  
(In millions of dollars)

	Actual		Estimate	
	2001	2003	2004	2005
<b>Spending</b>				
Discretionary Budget Authority:				
Department of State:				
Diplomatic and Consular Programs .....	3,148	3,827	4,063	4,285
Embassy Security, Construction, and Maintenance .....	1,078	1,255	1,377	1,539
International Organizations and Conferences .....	1,713	1,529	1,450	1,844
Andean Counterdrug Initiative .....	—	787	744	731
All other programs .....	1,786	1,834	1,630	1,860
Subtotal, Department of State .....	7,725	9,232	9,264	10,259
Supplementals .....	49	457	696	—
Total, Department of State .....	7,774	9,689	9,960	10,259
International Assistance Programs:				
Foreign Military Financing .....	3,568	3,953	4,252	4,958
Nonproliferation, Anti-Terrorism, Demining and Related Programs .....	311	287	351	415
Economic Support Fund .....	2,300	2,175	2,138	2,520
Development Assistance .....	1,273	1,475	1,356	1,308
Child Survival and Disease Programs .....	851	1,731	1,824	1,420
Multilateral Development Banks .....	1,156	1,298	1,383	1,492
Millennium Challenge Corporation .....	—	—	994	2,500
Peace Corps .....	264	295	308	401
Global HIV/AIDS Initiative .....	—	—	488	1,450
U.S. Emergency Fund for Complex Foreign Crises—legislative proposal .....	—	—	—	100
All other programs .....	2,862	2,613	2,566	2,772
Subtotal, International Assistance Programs .....	12,585	13,827	15,660	19,336
Supplementals .....	5	4,848	1,621	—
Total, International Assistance Programs .....	12,590	18,675	17,281	19,336
Other International Affairs Activities:				
Export-Import Bank .....	905	564	55	156
<i>USDA International Food Aid (non-add)</i> .....	(835)	(1,442)	(1,185)	(1,185)
All other programs .....	516	611	668	694
Subtotal, Other International Affairs Activities .....	1,421	1,175	723	850
Supplementals <sup>1</sup> .....	—	2,283	18,479	—
<i>Supplementals-International Food Aid (non-add)</i> .....	—	(300)	—	—
Total, Other International Affairs Activities .....	1,421	3,458	19,202	850
Total, Discretionary budget authority .....	21,785	31,822	46,443	30,445
Discretionary Outlays:				
Department of State .....	6,916	8,585	10,104	10,329

### Department of State and International Assistance Programs—Continued

(In millions of dollars)

	Actual		Estimate	
	2001	2003	2004	2005
International Assistance Programs .....	13,463	13,249	16,423	16,958
Other International Affairs Activities .....	1,208	1,195	1,381	1,279
Supplementals .....	2	4,802	9,626	—
<b>Total, Discretionary outlays .....</b>	<b>21,589</b>	<b>27,831</b>	<b>37,534</b>	<b>28,566</b>
<b>Mandatory Outlays:</b>				
Department of State .....	392	339	407	492
International Assistance Programs .....	–1,688	–3,410	–1,047	–812
Other International Affairs Activities .....	–2,463	–3,839	–2,335	–259
<b>Total, Mandatory outlays .....</b>	<b>–3,759</b>	<b>–6,910</b>	<b>–2,975</b>	<b>–579</b>
<b>Total, Outlays .....</b>	<b>17,830</b>	<b>20,921</b>	<b>34,559</b>	<b>27,987</b>
<b>Credit activity</b>				
<b>Direct Loan Disbursements:</b>				
Department of State .....	1	1	1	1
International Assistance Programs .....	665	502	193	426
Export-Import Bank .....	1,788	1,816	427	138
<b>Total, Direct loan disbursements .....</b>	<b>2,454</b>	<b>2,319</b>	<b>621</b>	<b>565</b>
<b>Guaranteed Loan Commitments:</b>				
International Assistance Programs .....	508	1,927	4,110	4,324
Export-Import Bank .....	7,504	10,148	8,670	10,014
<b>Total, Guaranteed loan commitments .....</b>	<b>8,012</b>	<b>12,075</b>	<b>12,780</b>	<b>14,338</b>

<sup>1</sup> 2004 does not include CPA administrative costs.