

# DEPARTMENT OF STATE AND INTERNATIONAL ASSISTANCE PROGRAMS

## AT A GLANCE:

**2006 Discretionary Budget Authority (State):** \$13.3 billion  
(Increase from 2005: 18 percent)

**2006 Discretionary Budget Authority (International Assistance Programs):** \$18.5 billion  
(Increase from 2005: 14 percent)

## Major Programs:

- Diplomatic activities and operations of embassies
- International assistance, including economic development, child health, and military financing
- U.S. contributions to international organizations



## MEETING PRESIDENTIAL GOALS

### *Protecting America*

- Supporting Iraq and Afghanistan as they continue their transition to democracy and rule of law. These activities will contribute to the long-term security of America and the world.
- Assisting key partners in the War on Terror, including Turkey, Jordan, Pakistan, Indonesia, and the Philippines.
- Improving peacekeeping capabilities through the Global Peacekeeping Operations Initiative and strengthening reconstruction and stabilization capabilities.
- Stemming the flow of illegal drugs around the world through counternarcotics activities in the Andean region of South America and in Afghanistan.
- Fostering democracy and freedom throughout the world through bilateral programs as well as through the activities of the National Endowment for Democracy and the Broadcasting Board of Governors.

### *Promoting Economic Opportunity and Ownership*

- Stimulating economic growth and development in countries which honor basic human rights, invest in the education and health of their citizens, and promote free markets, through the Millennium Challenge Account.

## **MEETING PRESIDENTIAL GOALS—Continued**

- Working with the Multilateral Development Banks to pool the contributions of many donors to assist developing countries with positive growth policies.
- Providing keys to economic growth and lasting democracy in the developing world through education initiatives.
- Bringing developing countries out of poverty while creating job opportunities for Americans by reducing barriers to free trade. The Budget anticipates implementation in 2006 of free trade agreements with five countries of Central America and the Dominican Republic, Bahrain, and Panama, as well as continued progress on free trade agreements with countries in Asia, Africa, and the Americas.

### ***Supporting a Compassionate Society***

- Continuing to expand the President's Emergency Plan for AIDS Relief with an unprecedented effort to prevent the spread of AIDS, treat infected individuals, and care for those affected by HIV/AIDS, including orphans.
- Providing for vulnerable populations around the world, through food aid and other humanitarian assistance such as shelter, health care, water, sanitation, and disaster and reconstruction assistance.
- Maintaining a generous refugee resettlement program while providing needed humanitarian assistance to those awaiting return to their homeland.

### ***Making Government More Effective***

- Ensuring that the composition of U.S. Government agencies and personnel overseas is appropriately aligned with our foreign policy priorities, security concerns, and overall resource constraints, through the President's initiative to "rightsized" the U.S. Government's presence overseas.

## PROTECTING AMERICA

Winning the War on Terror is the highest foreign policy priority of this Administration. In support of that objective, programs in the Department of State and related international affairs agencies are directed at assisting the development of freedom, democracy, and economic opportunity in Iraq and Afghanistan; providing support to our coalition partners; improving the peacekeeping capabilities of other nations; and encouraging the spread of democracy and freedom necessary to thwart terrorism's advance.

### *Promoting Global Democracy*

Promoting democracy and freedom around the world is fundamental to peace and security at home. The Budget includes a further expansion of our current bilateral programs to strengthen democratic institutions worldwide and new efforts, such as a contribution to the United Nations Democracy Fund, which was announced by President Bush at the United Nations General Assembly in September 2004. The Fund will provide technical assistance to nations adopting democratic reforms.

In particular, the United States is committed to supporting the peoples of Iraq and Afghanistan in their historic quest for freedom and democracy. Our mission in these sovereign nations is to promote stability, security, and prosperity to ensure that they never again are ruled by regimes that oppress their citizens and support terrorism.

*Creating a Stable Iraq.* Iraqis, with help from the Coalition and many partners, are rebuilding their country and offering freedom, new opportunities, and much needed services to their people. While security problems remain a major challenge for the Iraqi people and for development in various parts of the country, significant progress has been made in many key areas.

The Iraqi Interim Government, led by Prime Minister Allawi, demonstrated resolve and a clear commitment to Iraq's transition to democracy, including free and fair elections to establish a more representative government. The new Iraqi currency is stable and has appreciated against other currencies. Oil revenues for the Iraqi people since June 2003 are estimated at over \$20 billion. Iraq's own security and police forces are being rapidly expanded, trained, and equipped so that Iraq can protect its own people and its borders.

Assistance from the United States and other countries will continue to have an impact. With key infrastructure projects underway across Iraq, millions of Iraqis will benefit from greater access to basic services. The United States will continue to help the Iraqi government deliver basic services to its people, collect revenues, and develop a free market system capable of joining the global economy. The 2006 Budget provides \$360 million for economic assistance to Iraq for these activities.



With critical funding from the United States, voter registration and elections are conducted in Afghanistan.

## PROTECTING AMERICA—Continued



The paving of the Kabul Kandahar road in Afghanistan.

*Supporting Democracy in Afghanistan.* On December 7th, 2004, the first democratically elected Afghan President was inaugurated, following the first free and fair election in Afghanistan's history. The economy grew 16 percent during the last Afghan fiscal year, 2003–2004, and the new Afghan currency has remained strong. The lives of Afghans, especially those of women and children, continue to improve, and 2.4 million refugees have returned home. Today over 40 percent of primary school students are girls, up from virtually zero under the Taliban, and overall enrollment for boys and girls has increased

by over 300 percent. The new Afghan National Army is now fighting terrorism and maintaining security with a force of 16,000 soldiers and support personnel that includes all of Afghanistan's ethnic groups, and over 33,000 Afghan police that have been trained and equipped.

With U.S. aid and the contributions of other nations, the Afghan government will continue to build the necessary capacity to deliver health services, collect tax and customs revenue, and develop the legal and regulatory framework for a modern, open economy.

The 2006 Budget requests nearly \$1.1 billion to build on the positive momentum in Afghanistan. This Budget will provide funds to invest in the health, education, clean water, and free market infrastructure that create conditions for sustained growth and stability; and eradicate poppy crops, develop alternative livelihoods, interdict drug flows, and prosecute narco-traffickers to ensure that the drug trade does not threaten Afghanistan's democracy or undermine economic development.

*Border Security.* The Department of State continues to work with the Department of Homeland Security (DHS) to secure America's borders against those who threaten our security, and at the same time, the Department works to promote legitimate travel for commerce, education, and tourism.

The Department of State is improving the visa and passport systems to make America safer. The State Department, working jointly with DHS, is developing secure visas and passports, which will provide reliable ways to link travel documents to their owner. In addition, the Departments of State and Homeland Security are gathering biometric identifiers—such as digital photos and fingerprints—from visa applicants and conducting security checks to verify travelers' identities when they enter and exit the United States.

The State Department is a key player in the effort to integrate databases as well as an important contributor to the Terrorist Screening Center and the National Counter Terrorism Center. These centers integrate and analyze terrorist threat information, collected both domestically and abroad, to detect, identify, and interdict people who may pose a threat to America.

*The Broader Middle East and Muslim Outreach Initiatives.* Expanding democracy, supporting political, economic, and social reform, and improving access to education, information, and jobs are critical to eradicating international terrorism. The 2006 Budget continues to enhance diplomatic and assistance activities in the Middle East, North Africa, and other majority Muslim countries. The Budget includes \$120 million for the Middle East Partnership Initiative, a cornerstone of the President's strategic approach to supporting economic, political, and social reform in the region.

### Broadcasting to the Middle East

In 2006, the Broadcasting Board of Governors (BBG) will have nearly quadrupled the number of broadcasting hours to the broader Middle East from approximately 13,000 hours per year in 2001 to over 50,000 hours per year. In particular, the BBG established two 24/7 Arabic-language television channels (al-Hurra and al-Hurra Iraq) in 2004 that complement the success that Radio Sawa has had in attracting a significant audience for U.S.-developed broadcasts in the region. Surveys from 2004 show that 25 percent of adults in nine Middle Eastern countries tune into Radio Sawa and/or al-Hurrah television each week, and approximately 75 percent consider their news reliable. In 2006, the BBG will continue local and live news coverage through satellite and land-based transmission of Radio Sawa and al-Hurra television.

The Budget also includes \$80 million for the National Endowment for Democracy (NED), an increase of \$20 million over 2005 levels. NED provides grants to private groups and organizations that build and strengthen democratic institutions, and promote the rule of law, human rights, civic education, and a free press.

A wide range of public outreach, diplomacy, and broadcasting initiatives are being pursued at the State Department and at the Broadcasting Board of Governors (BBG) in the 2006 Budget. Funding in 2006 will support the development of libraries and information centers in the Muslim world called American Corners; support the TV Co-Op program, which brings foreign journalists to the United States and facilitates their professional development and assists in the production of their own programming related to American culture; encourage an expansion of Foreign Journalist Tours; translate more Western books into Arabic; increase scholarships and visiting fellowships; upgrade the American government Internet presence; and train more Arab speakers, public relations specialists, and experts in Arab matters. The Voice of America will increase the number of hours it broadcasts to countries in the broader Middle East, with significantly increased television programming in languages such as Persian, Dari, Pashto, and Urdu.

The Administration is expanding funding for public diplomacy and exchange efforts by 21 percent in general and specifically in the broader Middle East. For example, the 2006 Budget includes \$100 million for the Partnerships for Learning (P4L) Initiative, which provides scholarships and exchange opportunities to students in the Muslim world. P4L was created to reach an audience younger and more diverse than that addressed by existing programs. In 2006, the P4L Initiative, including the Youth Exchange and Study program, will specifically focus its outreach programs on underserved communities in non-urban areas with a focus on high school students and females in the Muslim world.



A view inside the BBG Middle East Broadcasting Networks newsroom.

This Administration continues to provide accurate and balanced news and information to audiences in the Middle East, through the Middle East Broadcasting Network, which receives \$79.3 million in the 2006 Budget.

## **PROTECTING AMERICA—Continued**

### ***Managing Threats Abroad***

*Support for Our Coalition Partners.* The United States and our allies have shown great resolve in the War on Terror. The Budget supports the front-line states that have joined us in the campaign against global terror. The President's request includes over \$640 million for Pakistan to help advance security and economic opportunity for Pakistan's citizens; over \$450 million for Jordan to accelerate economic growth opportunity and strengthen border controls; and over \$550 million to support Colombia's unified campaign against drugs and terrorism.

#### **The Global War on Terror**

U.S. assistance continues to result in unparalleled military, law enforcement, and intelligence cooperation that has successfully destroyed terrorist cells, disrupted terrorist operations, and prevented attacks. Over the last year, there have been many counterterrorism successes in cooperating countries and international organizations. For example:

- More than three-quarters of al-Qaida's known key leaders and associates have been detained or killed, with major successes in Afghanistan, Pakistan, Indonesia, the Philippines, and Saudi Arabia;
- Indonesia, the world's largest Muslim country, has taken new steps to move against Jemaah Islamiah operatives, an al-Qaida-linked Islamic terrorist organization;
- The United States has trained and advised Philippine forces in their counterterror operations, such as those against the Abu Sayyaf terrorist group;
- Yemeni authorities have moved against al-Qaida in their own territory, hosted Army Special Forces to train and advise Yemeni troops in counterterrorism, and increased contacts with key U.S. agencies; and
- Saudi Arabia is working to shut down the facilitators and financial supporters of terrorism, and has captured or killed many leaders of the al-Qaida organization in Saudi Arabia.

*Building Peace Support Capabilities.* Global peacekeeping capabilities, with a particular focus on Africa, are critical to bringing security and stability to troubled regions. The 2006 Budget includes \$114 million for the second year of the Global Peace Operations Initiative. This Initiative, being implemented in cooperation with the G-8, pledges to:

- Train and equip 75,000 troops by 2010 to increase global capacity to conduct peace support operations with a focus on Africa;
- Create a "clearinghouse" function to exchange information and coordinate G-8 efforts to enhance peace operations training and exercises in Africa;
- Develop a transportation and logistics support arrangement to help provide transportation for deploying peacekeepers and logistics support to sustain units in the field; and
- Establish a Gendarme (Constabulary) Center of Excellence in Italy to increase capabilities and interoperability of military police forces for peace support operations, and to support other existing centers dedicated to that purpose.

In addition to this initiative, the Administration has established an Office of the Coordinator for Reconstruction and Stabilization within the Department of State. This office was created to enhance the U.S. Government's planning and response capabilities to address conditions in failed, failing, and post-conflict states and put in place a foundation for lasting peace, good governance, and economic and social development. In the absence of effective engagement, such states pose risks to the security of the world. They often become breeding grounds for terrorism, communism, organized crime, trafficking, humanitarian catastrophes, and other threats to U.S. national interests.

The 2006 Budget proposes a significant expansion in the Office of the Coordinator to strengthen its ability to lead U.S. planning efforts for countries and regions of most concern, and coordinate the deployment of U.S. resources when needed. In addition, the 2006 Budget proposes a \$100 million Conflict Response Fund to quickly address emerging needs. This funding will help the United States deploy trained and experienced civilian personnel immediately to an unstable region. These teams would lead interagency efforts and come ready with plans to achieve stability and begin reconstruction.

*Counternarcotics Activities.* The U.S. Government is committed to rolling back the drug trade and severing the ties between narco-traffickers, terrorists, and other international criminal organizations. The 2006 Budget includes \$734.5 million for the Andean Counterdrug Initiative to consolidate gains made in recent years in the areas of eradication, interdiction, and alternative development. This past year, almost 120,000 hectares of Colombian coca were aurally eradicated, and 12,845 families received alternative development assistance. In 2004, the government of Colombia established a law enforcement presence throughout the entire country for the first time in history. Nearly 150 Colombian narco-traffickers, terrorists, and money launderers have been extradited to the United States in the past two years.

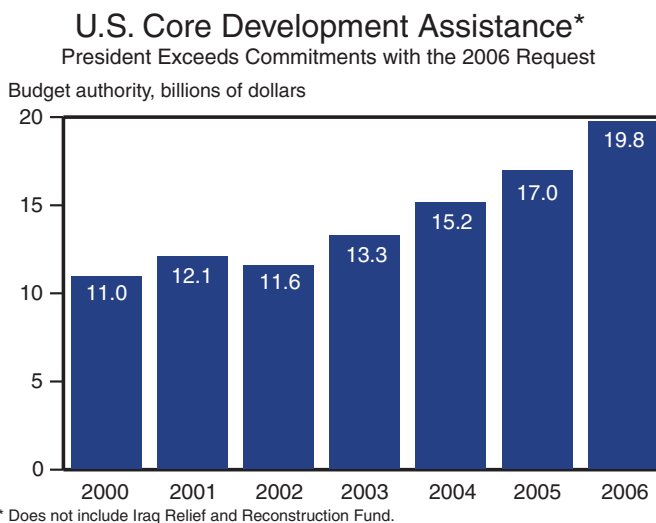
The United States is applying lessons learned from the successes under Plan Colombia to other parts of the world, including Afghanistan. In 2004 the Administration moved quickly to make counternarcotics a central pillar of its reconstruction assistance in Afghanistan. It proposed to begin an ambitious anti-poppy campaign, working with the newly elected President, Hamid Karzai, and our international partners including Great Britain. The 2006 Budget includes \$437 million for operations to continue the fight against drugs in Afghanistan.



President George W. Bush meets with Presidents Hamid Karzai of Afghanistan and Pervez Musharraf of Pakistan at the United Nations.

## PROMOTING ECONOMIC OPPORTUNITY AND OWNERSHIP

In 2002, President Bush called for “a new compact for global development, defined by new accountability for both rich and poor nations alike. Greater contributions from developed nations must be linked to greater responsibility from developing nations.” The President pledged that the United States would lead by example and increase its core development assistance by 50 percent over the next three years, resulting in an annual increase of \$5 billion by 2006. The President’s original 2002 pledge called for these new funds to go into a new Millennium Challenge Account (MCA). The Administration did not receive its full requests for MCA in 2004 and 2005. Therefore, this Budget adjusts MCA’s ramp-up period to more accurately reflect Congressional action to date, reaching the \$5 billion figure by 2007. Nonetheless, this Budget still substantially exceeds the President’s 2002 commitment for overall growth in core development assistance by requesting a total of \$19.8 billion, \$8.2 billion more than in 2002.



### *Millennium Challenge Account*

MCA is an innovative program that focuses only on those countries, among the poorest in the world, that have met independent criteria with respect to ruling justly, investing in their people, and promoting economic freedom. This common-sense approach uses measurable indicators to select countries best able to effectively use assistance. Once selected, countries develop their own proposals and enter into partnership agreements—called Compacts—with the Millennium Challenge Corporation (MCC). MCC will fund only those proposals with clear objectives, a sound plan for implementation and financial accountability, and specific indicators demonstrating results. This innovative process is beneficial because it gives countries the responsibility for their own development, in some cases for the first time. However, it is also time intensive. MCC has identified 17 eligible countries in 2004 and 2005. In recent months, 15 of those countries have submitted Compact proposals.

By providing incentives for countries to reform, MCA has strengthened the resolve of some states to break down the barriers to economic growth and a better quality of life for their citizens. The impact of these reforms extends even to those countries that are not currently eligible, as they adopt policy reform agendas in an attempt to become eligible.

The Congress appropriated \$1.5 billion for MCA in 2005, \$1 billion short of the President’s request. The 2006 Budget request of \$3 billion for MCC’s third year will help countries help themselves become more prosperous, democratic states. In 2006, MCC will expand its list of potentially eligible countries to some 110 states with per capita incomes of up to about \$3,000 per year, an increase from the current number of roughly 80 states with a per capita level of up to about \$1,500 per year. The 2006 funding request will support those countries deemed eligible for funding in 2006 by the MCC Board of Directors, as well as the 17 countries currently eligible.



Given that MCC was established in 2004, has only recently selected MCA eligible countries, and the time required for countries to develop their own proposals that meet MCC requirements for demonstrating results, the funding request for 2006, combined with the amounts appropriated in 2004 and 2005, provides enough resources for those countries ready to proceed with Compacts in 2006.

### ***Multilateral Economic Assistance Programs***

More traditional multilateral economic assistance programs continue, with new emphasis on accountability of performance. When countries implement sound economic and governance policies, they create greater growth, stability, and a better future for their citizens. To ensure the effectiveness of international assistance, donors should focus resource assistance on countries that adopt positive growth policies and clear, measurable goals and targets for the assistance they receive. The United States has been instrumental in getting the Multilateral Development Banks (MDBs), such as the World Bank, to institute allocation systems that ensure more assistance goes to better performing countries and less goes to weaker performers. With strong U.S. leadership, the MDBs are instituting results-oriented management, as recommended in Program Assessment Rating Tool reviews of a number of MDBs, and increasing transparency to bolster development outcomes and enhance accountability.



New bakeries bring work opportunities to rural women in Guatemala and provide food security for their families.

The United States has led efforts to help the poorest countries to make more productive investments without incurring greater debt by pressing the World Bank and other MDBs to increase the share of assistance provided as grants rather than loans. The United States recently concluded replenishment negotiations for the World Bank's International Development Association and the African Development Fund, which will increase the share of new funding disbursed to the poorest countries through grants, rather than loans, to about 45 percent from approximately 25 percent and 20 percent, respectively. The United States also recently completed replenishment negotiations for the Asian Development Fund, which established, for the first time, a grant window where 21 percent of total assistance will be in the form of grants. The 2006 Budget will support these agreed-upon reforms through its request of \$1.34 billion for U.S. contributions to these institutions and the other Multilateral Development Banks.

The United States continues to support 100 percent debt reduction under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. Coupled with prudent economic policies, debt reduction allows these countries to channel resources they would have used to pay interest and other debt service costs into critical programs, such as health and education. The 2006 Budget requests \$100 million to continue to support HIPC and other debt reduction programs.

### ***Promoting the Gains from Trade***

A strong worldwide economy is critical for creating job opportunities for Americans, and liberalizing trade is the single most effective tool in strengthening the global economy. Free and fair trade creates high-paying jobs for American workers, businesses, farmers, and ranchers, while increasing the living standards of Americans through lower prices and more choices.

## PROMOTING ECONOMIC OPPORTUNITY AND OWNERSHIP—Continued

In 2004, free trade agreements with Chile and Singapore were signed and implemented, and the President concluded free trade agreements with Australia, Bahrain, and Morocco, in addition to the agreement with five Central American Countries (CAFTA) and the Dominican Republic. The President also initiated free trade negotiations in 2004 with Panama, Thailand, and three countries of the Andean region (Colombia, Peru, and Ecuador) and notified the Congress of his intention to begin free trade negotiations with Oman and the United Arab Emirates.

These agreements achieve strong intellectual property and investment protections for U.S. companies, as well as enforcement of domestic environmental and labor rules. The President will build on this success with completion in 2005 of the Andean Free Trade Agreement and with continued progress towards a Free Trade Area of the Americas agreement, as well as an agreement with the Southern African Customs Union. The President has also called for a Middle East Free Trade Area by 2013 to spur economic growth and expand opportunity in this critical region of the world. The 2006 Budget provides for the implementation of free trade agreements with Bahrain, Panama, the Dominican Republic, and CAFTA. The Office of the U.S. Trade Representative will continue to pursue aggressive trade agreements with other nations.

The United States is working with 148 member economies in the World Trade Organization (WTO) to reach an agreement that will open markets to U.S. businesses, promote worldwide growth, and enhance economic development in some of the poorest countries of the world. Having played a key role in launching the current WTO Doha Development Agenda, the United States has proposed elimination of all global tariffs on consumer and industrial goods by 2015, substantial cuts in farm tariffs and trade-distorting subsidies, and broad opening of services markets.



Students from a secondary girl's school in Baghdad with new school supplies.

### *Investing in Tomorrow's Leaders*

Education enables people to be more productive, improve their standard of living, and contribute to the growth of their nations. Unfortunately in much of the world, access to basic education is still extremely limited, and illiteracy, especially among women, is very common.

The Administration has launched several education initiatives since 2002 to focus more resources on improving educational quality across the globe. The Africa Education Initiative is providing scholarships for girls, distributing 4.5 million textbooks and training over 400,000 teachers. The innovative Centers for Excellence in Teacher Training in Latin America and the Caribbean are focused on improving the quality of schools and their curricula. Significant new resources for education in the Muslim world, in countries such as Pakistan, Indonesia, Morocco, Yemen, Jordan, Iraq, and Afghanistan, have expanded opportunities for millions of girls and boys. Under the G-8's Broader Middle East and North Africa Initiative, the United States and its allies are seeking to train 100,000 teachers in the region by 2009. Worldwide, President Bush has more than doubled funding for State Department-funded basic education programs, from \$126 million in 2001 to \$322 million in this Budget. In addition to funding for basic education, the Budget includes \$167 million for higher education and training worldwide.

## SUPPORTING A COMPASSIONATE SOCIETY

America’s compassion for the world’s most vulnerable citizens is manifested in the international programs that provide humanitarian and other assistance. The President’s Budget reflects this continued commitment.

### *Emergency Plan for AIDS Relief—Caring for the World’s Most Vulnerable Citizens*

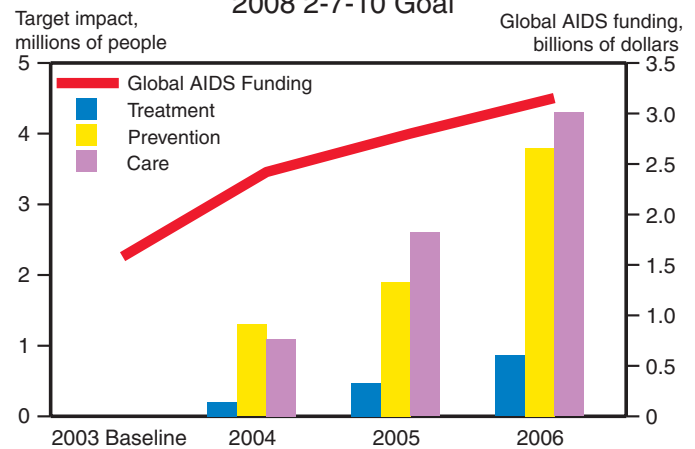
#### **The President’s Emergency Plan for AIDS Relief Saves Lives**

One person benefiting from the Emergency Plan is Buse Banga of Zambia. When she arrived at the Mother Teresa Hospice in Lusaka, Zambia, Buse lay in a coma. Her neighbors had given her up for dead. But after just two weeks receiving antiretroviral treatment in a U.S.-supported clinic, Buse opened her eyes. Several days later, she returned home, standing tall and full of life, to the joyful astonishment of her friends and family. By 2008, the Emergency Plan will help two million more people in similar ways.

The President’s Emergency Plan for AIDS Relief continues in its third year to fight the global HIV/AIDS epidemic, which resulted in almost 3.1 million deaths in calendar year 2004 alone. The Administration is committed to prevent seven million new HIV infections by 2008; treat two million HIV-infected people; and care for 10 million individuals affected by HIV/AIDS, including orphans. The Emergency Plan uses prevention funds for methodologies that are effective in helping people avoid behaviors that place them at risk of contracting HIV. One such program is called “ABC”—Abstinence, Be faithful, and, as appropriate, correct and consistent use of Condoms—and was proven successful in Uganda, Zambia, Senegal, and elsewhere. The Emergency Plan maintains bilateral, regional, and volunteer HIV/AIDS programs in over 100 countries around the world with a focus on some of the hardest hit nations: Botswana, Cote d’Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Zambia, and Vietnam.

Since the President announced the Emergency Plan—a five-year, \$15 billion commitment—in his 2003 State of the Union Address, the United States has provided \$5.2 billion for the fight against global AIDS, and the 2006 Budget requests an additional \$3.2 billion for this effort. Starting with \$2.4 billion in 2004, the U.S. Government has made remarkable progress during the Emergency Plan’s first year of implementation and has already made a significant impact on the lives of those living with AIDS. For example, with \$350,000 in Emergency Plan funding for Botswana, UNICEF has been able to improve service delivery in care and support of orphans and vulnerable children; strengthen faith-based organizations’ institutional capacities; and ensure orphans and vulnerable children have access to essential services and protection from abuse and exploitation.

Emergency Plan for AIDS Relief Reaching the 2008 2-7-10 Goal



Source: Department of State.

## SUPPORTING A COMPASSIONATE SOCIETY—Continued



A peer educator in Zambia explains the process of voluntary counseling and testing for HIV/AIDS.

national monitoring and evaluation system. In this way, nations are building a more coordinated and effective global effort to fight HIV/AIDS.

### *Humanitarian and Food Assistance*

The United States, through its support of international and non-government organizations, will continue to be the world's most generous provider of food aid and non-food humanitarian assistance, including shelter, health care, water, and sanitation. The 2006 Budget also reinforces the Administration's commitment to finding durable solutions for refugees around the world, and provides an increase in funding to support assistance abroad and resettlement in the United States.

In 2004, the United States led the international community—both in terms of timeliness and funding levels—in assisting over 1.6 million internally-displaced persons in the Darfur region of Sudan, and 200,000 Sudanese refugees in Chad. The 2006 Budget continues this strong level of support, addressing both the food and non-food needs of victims of the conflict in Darfur. The Administration continues to support the Sudanese people through humanitarian assistance as the country works toward a peace settlement for Darfur that will allow refugees and other displaced persons to return to their homes.

The United States also supports refugee resettlement and assistance in this country. In 2004, the United States admitted more than 50,000 of the world's refugees for resettlement, nearly doubling the previous year's total. President Bush continues to advocate for a generous resettlement program, and the 2006 Budget provides a significant increase in funds to support the growing number of refugees being resettled in the United

In addition to bilateral programs, the United States is helping other nations deepen their commitment to stemming the spread of HIV/AIDS through our role in international organizations like UNAIDS, WHO, and the Global Fund to Fight AIDS, Tuberculosis, and Malaria. This Administration provided the founding contribution to the Global Fund, and the United States remains by far the world's largest donor to it. The President's Emergency Plan is working with UNAIDS and other international organizations to implement the "three ones" in countries that receive assistance: one national plan, one national coordinating authority, and one



Sudanese refugee women mixing the corn soy blend provided by the United States.

States. Millions more will be assisted through humanitarian assistance programs in countries where they first seek asylum as they await repatriation opportunities.

In 2004, U.S. food aid protected vulnerable populations around the world, with over \$700 million donated to the food emergencies in Sudan, Ethiopia, Angola, and southern Africa, which helped feed over 14 million people. The 2006 Budget supports the Administration's continuing efforts to prevent widespread famine as well as major new efforts to make food aid more effective by requesting a portion of it as cash assistance, which allows emergency food aid to be provided more quickly and more flexibly to address the most urgent needs. The analysis of food assistance through the Program Assessment Rating Tool supports this decision to give assistance in cash.



Child immunization saves lives in Ghana.

### ***Human Rights and the Rule of Law***

Human rights and the rule of law are core values of the American people and a key element of U.S. foreign policy. The United States will continue to challenge governments to meet their obligations under international treaties and work to reform and strengthen the Office of the United Nations High Commissioner for Human Rights and United Nations Commission on Human Rights. The 2006 Budget includes over \$115 million in funding for support, training, and assistance programs to aid people and strengthen institutions that promote freedom and human rights and help establish the rule of law. In 2004, the United States provided approximately \$38.5 million in FREEDOM Support Act funds to strengthen democracy, human rights, and the rule of law in Central Asia, including assistance with legislative drafting; training judges, prosecutors, and public defenders; and providing advisors for judicial and prison reform.

### ***Abolishing Trafficking in Humans***

The United States is committed to abolishing the trafficking of human beings, which is a modern day form of slavery and an affront to human dignity. According to some estimates, each year at least 700,000 and possibly as many as four million people, primarily women and children, are trafficked around the world and exploited for sexual purposes or for labor without compensation.

In 2002 President Bush established a Cabinet-level task force to monitor and combat this trafficking. The following year he announced a \$50 million U.S. Government initiative to combat this growing problem. Agencies are using these funds to prevent human trafficking, protect and reintegrate victims, and build the capacity to investigate, prosecute, and convict traffickers in Brazil, Cambodia, India, Indonesia, Mexico, Moldova, Sierra Leone, and Tanzania. The 2006 Budget continues support for the anti-trafficking program. In addition, the Administration has established a Human Smuggling and Trafficking Center to coordinate interagency efforts to share information and prevent trafficking in persons, migrant smuggling, and terrorist travel, and is working to identify and assist trafficking victims domestically.

## **SUPPORTING A COMPASSIONATE SOCIETY—Continued**

### ***Service***

President Bush is committed to increasing American service overseas and, accordingly, has asked for increases in the Peace Corps' budget every year since taking office. The number of Peace Corps volunteers—7,733 in 2004—is at its highest level in 29 years. These dedicated individuals reflect the best of American values and compassion by working in such diverse fields as education, health, HIV/AIDS education and prevention, information technology, business development, the environment, and agriculture. The Budget requests \$345 million for the program, allowing it to open at least two new posts and maintain the existing number of volunteers.

In addition, in 2003, President Bush announced a new initiative coordinated by USA Freedom Corps and USAID called Volunteers for Prosperity that provides America's professionals new opportunities to serve abroad on specific development initiatives in countries of their choice. Organizations that become Volunteers for Prosperity participants and deploy volunteers are given priority for Federal funding in select Federal development assistance programs. Since its inception, Volunteers for Prosperity has recruited nearly 200 non-profit and for-profit organizations, representing a pool of 34,000 skilled American professionals. These organizations have deployed nearly 7,000 volunteers to help reduce poverty and promote economic growth.

**MAKING GOVERNMENT MORE EFFECTIVE**

***Capital Security Cost Sharing for Diplomatic Facilities***

Protection of U.S. Government personnel assigned abroad is a top priority. In response to the 1998 bombings of two U.S. embassies in East Africa, the State Department embarked on several ambitious initiatives to improve physical security overseas. Many posts require additional work to withstand terrorist attacks and other dangers. In 1999, the State Department launched a security upgrade and construction program to begin to address requirements in more than 260 embassies and consulates.

In 2003 and 2004, the State Department completed construction of several new embassy compounds, including compounds in: Tunis, Tunisia; Zagreb, Croatia; Abu Dhabi, United Arab Emirates; Istanbul, Turkey; and Sofia, Bulgaria. In addition, the State Department has 22 projects under construction and has awarded contracts for 12 new projects.



A view of the new embassy compound in Istanbul, Turkey.

In 2005, the Administration initiated a plan to dramatically expedite construction of secure facilities worldwide, called the Capital Security Cost-Sharing Program. Under this program, each agency with staff overseas contributes annually towards construction of the new facilities based on the number of authorized positions and the type of space they occupy. In 2006, non-State agencies will contribute approximately \$203 million to

the program and State will contribute \$810 million. This cost-sharing plan will enable the State Department to replace 150 embassies and consulates over 14 years for a total cost of \$17.5 billion.

Capital security cost sharing is a major component of the President’s Management Agenda initiative on “rightsizing” that stresses that agencies should consider all implications—including mission, cost, and security—when they choose to place or retain staff overseas. Cost-sharing among agencies for U.S. diplomatic facilities abroad reflects the recognition that the facilities represent the entire Nation, and not just facilities of the Department of State.

***Rightsizing the U.S. Government Presence Overseas***

The President emphasizes the importance of safety, efficiency, and accountability in U.S. Government staffing overseas by making sure that the composition of Government agencies is consistent with our foreign policy goals, security needs, and overall fiscal condition. There are more than 57,000 permanent American and local staff overseas under the authority of Chiefs of Mission. The average

**Overseas Staffing Under Chief of Mission (COM) Authority**

Total Personnel Overseas Under COM Authority (Including American and Locally Engaged Staff) Projected for 2005	Total America Direct Hire Personnel Overseas Under COM Authority Projected for 2005	Average Cost of a U.S. Direct Hire Overseas Estimated for 2006
57,128	14,659	\$430,000

## MAKING GOVERNMENT MORE EFFECTIVE—Continued

cost of putting an American direct hire position overseas in 2006 will be approximately \$430,000. With our foreign policy priorities demanding increased support to meet new homeland security, counterterrorism, and global AIDS requirements, it is important that we use overseas staff resources carefully.

In 2004, the Department of State established the Office of Rightsizing the U.S. Government Overseas Presence. It also started an initiative called MOMS (Model for Overseas Management Support), which provides support activities for the new Embassy in Baghdad and will be expanded to assist other embassies in 2005 and 2006. In 2005, the Department of State plans to open the new Frankfurt Regional Center, and implement a shared-services model at its Florida Regional Center. These centers will take on certain work now being done at overseas posts. Beginning in 2005, formal rightsizing reviews are required for all new embassy construction projects and every U.S. mission worldwide on a five-year basis. And in 2006, the Administration will continue to build on the achievements that support the Rightsizing Initiative through expanded shared-services and regionalization models, rigorous post level reviews, and an accurate accounting of overseas staffing and costs that produce rightsizing results.

### *Update on the President's Management Agenda*





The table below provides an update on the State Department's implementation of the President's Management Agenda as of December 31, 2004.

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

*Arrows indicate change in status since evaluation on September 30, 2004.*

The State Department is aggressively implementing human capital improvements including implementation in 2005 of a revised Civil Service appraisal system that better differentiates performance and that ties the work of all employees to achieving the strategic goals of the Department. For competitive sourcing, the State Department announced its first standard competition for Multi-Media Services and numerous streamlined competitions. The State Department has developed efficiency measures for each of its programs and is using them to drive down cost while achieving performance. For instance, the Refugee Admissions Program has decreased the per-person cost of admitting refugees to the United States from nearly \$4,500 in 2002 to \$3,500 in 2004, while exceeding the goal of admitting 50,000 refugees.













Initiative	Status	Progress
Real Property Asset Management		
A "Right-Sized" Overseas Presence		



In support of the Real Property Initiative, the Department of State is working to integrate its domestic and overseas real property operations into a unified asset management plan.

As noted earlier in the narrative on rightsizing, this PMA initiative seeks to ensure that our overseas presence is aligned with overall mission priorities, security, and costs. The Office of Management and Budget, working closely with the Department of State and other interagency rightsizing partners, has made progress in putting in place mechanisms that support accountability, transparency, and new alternatives for overseas staffing. In the coming year, efforts will focus not only on strengthening these new processes, but on demonstrating real results of positions being moved in response to regionalization efforts following formal rightsizing reviews, and on streamlining and consolidation of support services.

The table below provides an update on the U.S. Agency for International Development’s (USAID’s) implementation of the President’s Management Agenda as of December 31, 2004.

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

USAID has successfully implemented a new financial management system in Washington, D.C., and is in the process of rolling that system out to missions around the world. The Agency has received its second clean audit opinion and reduced auditor material weaknesses from three to one. The Agency has developed a comprehensive human capital strategy and accountability system, and is in the process of implementing that system. The Agency is also undertaking an ambitious review of its current business model, and is considering moving to regional or Washington-based provision of certain assistance functions to improve efficiency and effectiveness. Together with the State Department, the Agency is developing a comprehensive Enterprise Architecture, which will help to more effectively target information technology investments and business process improvements. In the last year, USAID created, and used to inform certain budget decisions, a new strategic budgeting model, and developed a set of agency-wide and regional performance measures that will be used across regional bureaus and programs.

Initiative	Status	Progress
Faith-Based and Community Initiative		

The Faith-Based and Community Initiative just completed its first year at USAID and is actively engaged in removing barriers to participation by community organizations, including faith-based organizations, as well as intensifying outreach and information dissemination to make USAID competitive grant opportunities more accessible to a broader population of potential grantees.

## Department of State and International Assistance Programs

(In millions of dollars)

	2004	Estimate	
	Actual	2005	2006
<b>Spending</b>			
Discretionary Budget Authority:			
Department of State:			
Diplomatic and Consular Programs .....	4,185	4,172	4,473
Embassy Security, Construction, and Maintenance.....	1,376	1,504	1,526
International Organizations and Conferences.....	1,449	1,649	2,332
Global HIV/AIDS Initiative .....	488	1,374	1,970
All other programs .....	2,455	2,561	3,012
Subtotal, Department of State .....	9,953	11,260	13,313
International Assistance Programs:			
Foreign Military Financing.....	4,258	4,745	4,589
Nonproliferation, Anti-Terrorism, Demining and Related Programs .....	336	399	440
Development Assistance.....	1,364	1,448	1,103
Economic Support Fund.....	1,947	2,481	3,036
Child Survival and Disease Programs.....	1,823	1,538	1,252
Millennium Challenge Corporation .....	994	1,488	3,000
Peace Corps .....	308	317	345
Conflict Response Fund (legislative proposal).....	—	—	100
All other programs .....	4,057	3,788	4,595
<i>USDA International Food Aid (non-add)</i> .....	1,185	1,173	885
Subtotal, International Assistance Programs .....	15,087	16,204	18,460
Other International Affairs Activities:			
Export-Import Bank.....	30	77	211
Broadcasting Board of Governors .....	552	591	652
All other programs .....	74	183	87
Subtotal, Other International Affairs Activities .....	656	851	950
Total, Discretionary budget authority .....	25,696	28,315	32,723
<i>Memorandum: Budget authority from enacted supplementals</i> .....	3,155	193	—
Discretionary Outlays:			
Department of State .....	9,953	11,260	13,414
International Assistance Programs .....	16,837	16,724	17,778
Other International Affairs Activities .....	1,167	1,233	1,086
From Supplementals .....	380	112	104
Total, Discretionary outlays .....	28,337	29,329	32,382
Total, Mandatory outlays .....	-5,032	-2,524	-561
Total, Outlays .....	23,305	26,805	31,821

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

	2004 Actual	Estimate	
		2005	2006
<b>Credit activity</b>			
Direct Loan Disbursements:			
Department of State .....	—	1	1
International Assistance Programs .....	511	791	551
Export-Import Bank.....	928	277	144
Total, Direct loan disbursements .....	1,439	1,069	696
Guaranteed Loan Commitments:			
International Assistance Programs .....	3,037	5,609	560
Export-Import Bank.....	10,928	11,092	11,787
Total, Guaranteed loan commitments.....	13,965	16,701	12,347