



Americans from conflict areas, and deters the entry into the U.S. of those who seek to threaten the nation, while approving the entry of qualified foreigners. The Department protects the homeland by combating visa and passport fraud and protecting foreign diplomats in the U.S. so that terrorists do not hinder the conduct of diplomacy.

The Department and USAID also work diligently to support the spread and adoption of democratic ideals worldwide. They promote universal values such as religious freedom, freedom of the press, and worker rights, and help create a more secure, stable, and prosperous world economy through democratic governance. While contributing to American prosperity, the opening of foreign markets to U.S. goods and services also results in higher standards of living and lower poverty levels in other countries. The Department and USAID partner with other nations to build education capacity and leadership development to promote a prosperous and secure world. The Department also offers the opportunity for Americans to learn from others and share expertise through exchanges. The Department and USAID work with other countries to promote a sustainable global environment, a healthy world population, effective migration systems, and strong international health care capabilities, enhancing American security by protecting the U.S. from the effects of environmental degradation and deadly disease in an increasingly interconnected world and to inform the foreign public about our efforts, our policies and our values.

## Major Crosscutting Efforts

Challenges to U.S. and global security, freedom and prosperity often transcend the bounds of a single geographic or functional bureau. The Department and USAID address such crosscutting issues through effective collaboration among their bureaus and/or other U.S. Government (USG) agencies.

## Transformational Diplomacy

*I would define the objective of transformational diplomacy this way: To work with our many partners around the world to build and sustain democratic, well-governed states that will respond to the needs of their people -- and conduct themselves responsibly in the international system... We must begin to lay new diplomatic foundations to secure a future of freedom for all people. Like the great changes of the past, the new efforts we undertake today will not be completed tomorrow. Transforming the State Department is the work of a generation. But is it is urgent work that cannot be deferred.*

-- Secretary Rice, January 18, 2006



American diplomacy is based on the fundamental beliefs that our freedom is best protected when others are free; our prosperity depends on the prosperity of others; and our security relies on a global effort to defend the rights of all. In this extraordinary moment in history, when the rise of freedom is transforming societies around the world, the United States has an immense responsibility to use its diplomatic influence constructively to advance security, democracy, and prosperity around the globe.

In these momentous times, the men and women of the Department of State and USAID are working to create a balance of power in the world that favors freedom. Secretary of State Condoleezza Rice recently announced her vision for the future of American diplomacy, including specific plans to best prepare and position America's diplomats for the challenges and opportunities that lay ahead.

**Global Repositioning.** At present, the allocation of American diplomatic resources still has vestiges of our Cold War posture. To meet current diplomatic challenges, the Secretary will begin a major repositioning and reprioritizing of U.S. diplomatic personnel across the world. In a multiyear process, positions will be shifted to critical emerging areas in Africa, South Asia, East Asia, the Middle East and elsewhere.

**Regional Focus.** Many of today's challenges are not limited by country boundaries, but are transnational and regional in nature, and require new thinking and more targeted responses. There are nearly 200 cities worldwide with over one million people in which America has no formal diplomatic presence. Building on regional



collaborations and regional forward-deployment of diplomats will facilitate a more effective approach to building democracy and prosperity, fighting terrorism, disease and human trafficking.

**Localization.** To reach beyond the borders of the traditional diplomatic structures and beyond foreign capitals, diplomats will move out from behind their desks into the field, from reporting on outcomes to shaping them. In addition, 21st century technology will be used to engage foreign publics more directly via the media and Internet, and to better connect diplomats in real time.

**Meeting New Challenges with New Skills.** To meet the challenges of transformational diplomacy, diplomats must be diverse, well-rounded, agile, and able to carry out multiple tasks. Transformational diplomacy requires that the right people have the right skills in the right place at the right time. Continued training and career development programs will better prepare diplomats and advance their expertise.

**Empower diplomats to work jointly with other federal agencies.** Success in transformational diplomacy requires collaborations that result in the more effective dispersion of people and programs to share information on common platforms. Vital to this vision is continued collaboration between civilians and the military. Diplomats must be able to work effectively at the critical intersections of diplomacy, development, and defense.

## Promoting Democracy Worldwide

The Department and USAID work to advance the President's policy throughout the world by implementing policies, programs, and strategies that promote democracy and protect human rights and freedoms. They target funds for effective human rights and democracy programs; engage in public outreach, bilateral, and multilateral diplomatic activity; and cooperate with other U.S. government agencies and international institutions.



People in many nations continue to be denied basic freedoms. The U.S. government supports their aspirations for greater freedom and human dignity and works to turn them into concrete advances. Promoting democracy worldwide can also increase regional stability and security, boost economic prosperity, help counter terrorism, and improve the American image abroad. During the past year the Department, USAID, and their partners contributed to democracy taking hold in Iraq and Afghanistan, and helped lead to democratic breakthroughs in Kyrgyzstan and Ukraine. These dramatic democratic changes were triumphs of ordinary citizens working together to demand basic freedoms and the rule of law. In each case, the citizens of these nations were supported by strong U.S. and allied diplomatic efforts, and by programs that gave them the tools they needed to attain and defend their own democratic freedoms.

The Department's and USAID's partners include other democratic governments, multilateral bodies such as the United Nations, where a UN Democracy Fund proposed by the U.S. was created in 2005, and the Community of Democracies, regional organizations such as the Organization of American States (OAS) and the Organization for Security and Cooperation in Europe (OSCE), non-governmental organizations, the Millennium Challenge Corporation, the Broadcasting Board of Governors, and the U.S. Departments of Labor, Justice, Defense, Homeland Security, and private donors.

The struggle for democracy continues in many other nations, including Lebanon, Egypt, Pakistan, and elsewhere. Other countries, such as China, Burma, Cuba, Zimbabwe, Belarus, Iran and North Korea, demonstrate that democratic transformation requires long-term support for courageous democracy activists struggling for basic freedoms. President Bush has pledged to support individuals who live under oppression and to stand with those who fight for liberty. Toward that end, the Department and USAID's mission is to implement the President's policy of promoting democracy, human rights, religious freedom, and worker rights. To do so is to stand on the right side of history, and to help shape it.



## The War on Terrorism

The London subway bombings, following the attacks on the Madrid train system, kept international terrorism at the top of the list of U.S. priorities and the priorities of many of our closest allies. The Department pursues multifaceted efforts to prosecute the global war on terrorism. Under the President's and the Secretary's leadership, the Department works in a fully integrated fashion to combat the menace of terrorism. USAID has undertaken a similar strategy and has sought to deny resources and sanctuary to terrorists by diminishing the underlying conditions they exploit. Programs to achieve this goal include education, training, appreciation for the rule of law, and alternative development conducted in both frontline and fragile states. In Eurasia, the Middle East, East Asia and elsewhere, the Department continues to focus attention on controlling nuclear material, redirecting expertise related to weapons of mass destruction and missiles to peaceful and self-sustaining free enterprise, verifying and complying with agreements and commitments, and more broadly strengthening underlying export and border controls.

On a broader scale, the Department continues to cooperate with other agencies to combat terrorism and build partnership capacity. Coordinating with the Departments of Homeland Security (DHS) and Justice, State has worked to strengthen its visa screening to prevent terrorists from entering the U.S. The Department has worked with other USG agencies to maintain the momentum of increased specialized counterterrorism training for foreign authorities, as well as broader law enforcement capacity-building to lay a firm foundation for fighting terrorism and other crimes, including the global network of multi-country International Law Enforcement Academies (ILEAs). Relevant experts at State have worked closely with the Treasury Department and other agencies to combat terrorist financing and underlying vulnerabilities to financial crimes, leading efforts to build an international coalition to deny resources to terrorists.

The Department also has combined its efforts with those of the Department of Defense (DoD) to strengthen counterterrorism capabilities of international partners worldwide. In Afghanistan and Pakistan, State works with USAID and other agencies to garner support for the Global War on Terrorism, promote accountable democratic governance, establish security forces in Afghanistan, and promote economic growth and educational opportunities to combat extremism and instability. The Kimberley Process, which is an international certification scheme designed to prevent rough diamonds acquired by rebel movements in Africa from entering the legitimate global trade, is yet another example of a program the Department is actively engaging in with foreign governments and international organizations to curb financing of terrorists and their allies.

The reorganization of the Department's offices that follow proliferation of weapons of mass destruction (WMD) and compliance with treaties and commitments relevant to these will help to more efficiently target and monitor the proliferation chain, improving insight into WMD-Terrorism network detection efforts, and aggressively evaluating gaps in our collection capability. The President's Executive Order of June 29, 2005 to block the property of WMD proliferators and their supporters is specifically aimed at the proliferation chain of banks, corporations and other entities that engage in such activities for profit. The Department's bureaus for nonproliferation will work with other partners to enhance global capacity to prevent and respond to bioterrorism and to prevent illegal smuggling of hazardous chemicals from generating profits for rogue organizations.

## Humanitarian Action

USAID and the Department coordinate closely to deliver resources and expertise in response to natural disasters and complex emergencies. The USG provides protection and assistance through international and non-governmental organizations to meet the basic needs of refugees, internally displaced persons (IDPs), disaster and conflict victims. From Sudanese refugees in Chad to IDPs in Chechnya, from drought conditions in Africa to the tsunami response in Asia, the Department and USAID match USG resources with high quality field monitoring and program management, working closely with the international community. USG humanitarian action integrates critical food, water, sanitation, shelter, health and education services with more complex needs, such as removal of landmines





and destruction of light weapons, protection from gender-based violence or forcible recruitment, development of community governance and capacity building, self-sufficiency and economic livelihood so that protection and assistance are provided in safety and dignity.

The Department also works closely with the Department of Homeland Security in identifying, processing, and admitting refugees for resettlement in the U.S. Building on its extensive experience of coordinating programs with the U.S. Military, USAID has created the Office of Military Affairs to strengthen working level contacts with the Department of Defense (DoD) and facilitate the civilian response to humanitarian emergencies. The U.S. Government's effective response to humanitarian crises lays the foundation for future peace, security, democracy, and prosperity.

For example, the USG has led the international response to the complex humanitarian emergency resulting from the ongoing conflict in Darfur, Sudan, while working to implement the peace settlement between the northern and southern parts of the country. The USG committed more than \$1.9 billion in assistance for Sudan from FY 2003-2005, and plans to provide significant additional funding for FY 2006. Working closely together, USAID and the Department continue to alleviate the suffering of over 1.6 million IDPs in Darfur and 200,000 Sudanese refugees in Chad. The Department and USAID partnered to document human rights and international humanitarian law abuses committed in Darfur, with particular attention to sexual and gender-based violence. The U.S. obtained NATO agreement to support the African Union's peacekeeping expansion in Sudan. As part of this NATO support, the U.S. Military's European Command began airlifting 1,800 Rwandan peacekeepers to Darfur in July 2005.

Another example of State-USAID leadership in humanitarian assistance is the rapid response to the Pakistan earthquake. On October 8, 2005, a 7.6 magnitude earthquake struck Pakistan, India and Afghanistan, devastating substantial areas of Pakistan's North West Frontier province and Kashmir. It was the strongest to hit the region in over a century. Official Government of Pakistan estimates placed the death toll at more than 73,000 people with more than 69,000 people seriously injured and 2.8 million survivors left without shelter. The earthquake damaged economic assets and infrastructure in the area extensively. Private housing, schools, hospitals, government buildings, roads, bridges, transmission systems and power plants were also severely damaged or destroyed.



In response to the urgent need for action, State Department headquarters in Washington coordinated with USAID, the White House, DoD, the U.S. Embassy in Islamabad, the United Nations, and foreign donors to ensure that the U.S. response was both immediate and appropriate. The Department has continued to play a significant coordinating role with other agencies and has highlighted the scope of U.S. contributions. U.S. relief operations began almost immediately after the earthquake and will continue through the winter.

USAID deployed a Disaster Assistance Response Team (DART) on October 10 to assess humanitarian needs, assist with targeting and coordination of USG assistance in conjunction with the USAID office in Pakistan, and provide technical support as needed. The DART includes field officers and technical specialists based in the U.S. Embassy's Forward Operating Bases in Muzaffarabad and Mansehra. The DART identified shelter, relief supplies, logistics, health, water and sanitation, and livelihoods support as immediate relief priorities. As of January 6, 2006, USAID has provided nearly \$66.6 million in humanitarian and food assistance to Pakistan for earthquake response and reconstruction. In total, USAID has completed 25 flights of relief commodities to Pakistan.

State and USAID coordinated with the DoD in its immediate relief efforts, which included Mobile Army Surgical Hospital, a Marine medical element and a Naval Mobile Construction Battalion. DoD has obligated \$102 million for relief operations. More than 3,200 helicopter sorties, some with State Department-furnished helicopters, have evacuated 3,700 people and provided medical care to more than 21,000 Pakistanis. At the request of the Government of Pakistan, the U.S. military is expected to remain engaged in relief operations throughout the winter. USAID will provide reconstruction assistance focused on education, health (hospitals) and economic recovery for the workforce. Websites maintained by the Department, USAID, DOD, and the White House provide extensive information and links for the public to access.



At a November 2005 donors' reconstruction conference in Islamabad, the U.S. urged the international community to respond generously and pledged a total of \$510 million in earthquake relief and reconstruction assistance. This sum includes \$300 million in humanitarian relief and reconstruction assistance, \$110 million of in-kind military support for relief operations, and at least \$100 million anticipated from U.S. private contributions. Over 75 countries and international organizations confirmed \$6.2 billion in new or previous pledges to help Pakistan recover from the earthquake. President Bush asked five distinguished corporate leaders to launch a nationwide campaign to encourage private donations for relief and reconstruction. They established the South Asia Earthquake Relief Fund for this purpose.

The Department and USAID coordinated closely with the White House, the Department of Defense, the U.S. Embassy in Islamabad and others to ensure that the breadth and scope of U.S. contributions to international relief efforts. Messages were properly coordinated, discussed with the Government of Pakistan, the United Nations and other donors, and disseminated to the media, viewers around the world, and beneficiaries. USAID websites provided extensive information for the public to access.

Recipients have welcomed U.S. humanitarian assistance. Thanks to helicopter relief flights, "Chinook" has become a household word in Pakistan and indicates the importance of U.S. assistance. In taking a leadership role in the international relief effort, the USG and the American people have demonstrated their dedication to immediate humanitarian values, as well as longer-term, internationally coordinated relief and reconstruction efforts. Polls have indicated a sharp rise in favorable views towards the U.S. and a corresponding decrease in support of terrorism.

## Combating Health Pandemics

The Department's Office of the U.S. Global AIDS Coordinator leads a coordinated, interagency effort to implement the President's Emergency Plan for AIDS Relief (PEPFAR) that includes USAID, the Department of Health and Human Services, other State Department bureaus, and other federal agencies. This comprehensive approach includes assistance to bilateral HIV/AIDS programs in over 120 countries, with a particular focus on supporting national-level scale-up of lifesaving treatment, care and prevention services in 15 of the most affected countries on earth. Assistance is also provided for HIV/AIDS research and to multilateral organizations such as the Global Fund to Fight AIDS, Tuberculosis, and Malaria. The President's Emergency Plan has five-year goals of supporting treatment for two million people infected with HIV, supporting prevention of seven million new HIV infections, and supporting care for ten million people infected and affected by HIV/AIDS, including orphans and vulnerable children.



One example of the reach of this coordinated effort is the work being done across government agencies to improve the quality and reach of HIV/AIDS related services for vulnerable populations including refugees and the internally displaced. As of March 30, 2005, the Emergency Plan was supporting treatment programs that reach over 235,000 people in the focus countries, well exceeding its one-year target of supporting 200,000 people by June 2005. As of September 30, 2005 the program was supporting approximately 400,000 people on treatment. This is eight times the number of people that were receiving treatment in sub-Saharan Africa when the program was announced in October 2003. This is one indication that the Emergency Plan is moving towards meeting the President's ambitious goals.

Malaria is preventable and treatable with proven interventions. It still causes between 300 and 500 million illnesses and kills more than 1 million people every year. More than 90% of these cases and deaths occur in sub-Saharan Africa, where one African child dies of malaria every 30 seconds. Malaria is a disease of poverty and a disease that causes poverty. In Africa, it is estimated that malaria retards economic growth by one-third -- a total of \$12 billion a year for the continent.



The President's Malaria Initiative (PMI) was announced in FY 2005. Over a five-year period beginning in FY 2006, the PMI will work in up to 15 highly endemic countries to increase coverage of effective malaria control interventions to 85% of vulnerable populations, leading to a 50% reduction in malaria related mortality. USAID is leading a comprehensive interagency USG process to launch this program. Four months after its announcement, the PMI was operational, with key interventions for quick scale up in Angola, Tanzania and Uganda underway early in FY 2006. In FY 2006, the PMI will expand from three to seven countries in Africa. It will support programs to increase the uptake and financial sustainability of the supply of insecticide treated materials, the availability and use of affordable artemisinin combination therapies, and adequate country-level capacity to plan for and use indoor residual spraying in areas of unstable and epidemic malaria.

Since its re-emergence in East and Southeast Asia in late 2003, the highly pathogenic avian influenza virus has spread, leading to the death or destruction of millions of birds in the region, causing significant economic harm. In addition, as of mid-January 2006, there have been 145 laboratory confirmed human infections, which have resulted in 75 deaths in four countries. In most cases, human infections have resulted from direct contact with diseased birds, but there is increasing concern that the virus will evolve to become more readily transmitted among humans, which could result in an influenza pandemic that could kill millions of people around the globe and have significant political, economic, and social consequences.



An influenza pandemic will not respect political boundaries or national borders. The tragedy of hundreds of millions of people falling ill and millions potentially dying in a pandemic will be compounded by the economic, political and social disruptions that will follow. To address the pandemic threat posed by avian influenza, the Department of State, USAID and other members of the interagency community including the Departments of Health and Human Services (HHS), Agriculture (USDA), and Defense, have been working closely to develop a multi-sectoral international implementation strategy based upon preparation, prevention, and containment.

Countries across the world are making progress in reporting cases and planning for potential outbreaks. Since President Bush announced the International Partnership on Avian and Pandemic Influenza to the United Nations in September 2005, 120 countries have completed or initiated national preparedness plans - a number that has doubled since the U.S. launched the multilateral initiative. True preparedness means committing funds as well as planning and testing. To protect the nation against this disease, the United States is committing \$3.8 billion in FY 2006. The President also released the National Strategy for Pandemic Influenza and directed his Cabinet to test the strategy in a December simulation exercise.

As part of the Tsunami Relief Act, the U.S. Congress earmarked \$25 million to combat avian influenza in Asia, which will be used by the Department of Health and Human Services, USAID and USDA to help high-risk countries in the region to improve their surveillance and response capabilities in the areas of animal and human health. Assistance will be initially rolled out in Asian and European countries experiencing endemic and epidemic outbreaks, as well as in additional at-risk countries. State's Undersecretary for Democracy and Global Affairs is leading the diplomatic effort to raise the level of global awareness of the threat and seek the political commitments needed to combat avian influenza. USAID is playing a technical leadership role in avian influenza through the establishment of an internal Avian Influenza Task Force and Response Unit.

## Public Diplomacy

The exchange of information, persons, and ideas is fundamental to the security of the United States. Public diplomacy and public affairs are essential elements of transformational diplomacy, building, in Secretary Rice's words, "the capacity of foreign states to govern justly and effectively." The Department's efforts in this area are led by the Office of the Under Secretary for Public Diplomacy and Public Affairs, which is working on strategies and



initiatives to advance mutual understanding, foster and sustain open, democratic societies and promote greater receptivity to U.S. policies and values.

The Department's strategic goals in this area are to promote a positive vision of hope that is rooted in the President's Freedom Agenda, to isolate and marginalize the extremists and undermine their appropriation of religion, and to foster a sense of common interests and common values between Americans and people of different countries, cultures and faiths. The Department, in conjunction with USAID, is expanding the scope of public diplomacy, with a focus on the Arab and Muslim world through the engagement of key influencers; using multiple channels of communication and interaction, including television, the Internet and other new technologies, to expand our reach; providing aggressive, proactive advocacy of U.S. policies; and coordinating interagency communication activities.

A number of innovative programs have been crafted to address these critical audiences. In January of 2006 the President, Secretary Rice and other senior cabinet officials attended the launch of the National Security Language Initiative (NSLI) that will expand the capacity of Americans to understand foreign societies and provide linguistic skills in a number of critical foreign languages through the Fulbright Program, Youth Exchanges and Gilman scholarships. A new International Fulbright Science Award for Outstanding Foreign Students in Science and Technology was also announced. Participants, chosen through a single worldwide competition, will come to the United States for graduate study. And Fulbright is piloting a lab-to-market science initiative for foreign students that is aimed to link theoretical study to economic development when they return home. Under the Edward R. Murrow Journalism Program, the Department, the Aspen Institute and leading schools of journalism will bring up to 100 upcoming leaders in the field of journalism to examine journalistic practices in the United States. Similarly, the Department sponsors foreign journalists on tours of the United States to foster meaningful relationships and contribute to international diplomacy.

Recognizing that education aids upward mobility and creates opportunity, State will focus on such initiatives as the English Access Microscholarship Program, which provides basic English language instruction for populations of underserved Muslim and Arab youth. The FORTUNE-Department of State International Women Leaders Mentoring Partnership will bring emerging women business leaders to be mentored by corporate executives. State is also working closely with USAID to significantly expand the Fulbright Program with Pakistan, one of the most promising areas for U.S. - Pakistani cooperation. The Strategic Speaker Initiative connects prominent Americans and professional experts with individuals and organizations in a select group of countries to advance U.S. global foreign policy priorities. The Democracy Dialogues initiative will promote interactive discussion on the Internet between Americans and counterparts worldwide on political, economic and social issues affecting democracy in the 21st century.



The Department has enhanced its ability to respond quickly to misperceptions through a Rapid Response Unit that will counter negative perceptions about the United States and promote U.S. values over the longer term.

Finally, the Office of the Undersecretary for Public Diplomacy and Public Affairs will move toward better coordination of the U.S. Government's public diplomacy activities as a whole, including those of the Broadcasting Board of Governors, DoD, USAID, the Department of Commerce, and others.

## Iraq Reconstruction

Helping Iraqis liberated from the tyranny of Saddam Hussein to build the unified, stable and prosperous country that they deserve is one of the Administration's highest priorities. The Department and USAID support reconstruction efforts inside Iraq, and through diplomacy and development, are assisting Iraqis in making progress toward economic reconstruction and the achievement of a free, stable, and democratic Iraq.

The Department, together with the Department of Defense and USAID, has led a massive relief and reconstruction effort in Iraq, providing assistance to address infrastructure, healthcare, education, governance, the economy, and



other needs throughout the country.

For example, the Department and USAID are working with multiple U.S. Government agencies to help rebuild Iraq's electricity, water, oil, telecommunications, transport and health care infrastructure; restore its agricultural production; strengthen its private sector businesses; develop its scientific and higher educational capacity; restore its marshlands; provide assistance to internally displaced persons and returning refugees; and build institutional capacity in all of its key government agencies. This interagency effort is the largest American foreign assistance program ever - larger in per capita terms than the Marshall Plan - and includes representatives from at least ten cabinet departments working on the ground in Iraq. It successfully provides substantial reconstruction assistance and humanitarian relief, even in the face of an insurgency. As a result, millions of people now have access to safe water and sanitation, more than three million children have been vaccinated against major childhood diseases, and over 2,400 megawatts have been added or restored to Iraq's electricity grid (about half of its current electricity generation).

The Department and USAID also work to assist Iraqis in developing pluralistic and democratic government institutions framed by rule of law and based on guaranteed civil liberties, including a free press and equal rights for all Iraqis without regard to ethnicity, religion, or gender. Progress has been positive as the majority of Iraq's adult population has been engaged in democracy or governance at the local level, and hundreds have benefited from exchange experiences in the United States because of U.S. programs.

Through its primary partner, the UN High Commissioner for Refugees, as well as non-governmental organizations (NGOs), the Department provides assistance facilitating the reintegration of the more than 200,000 Iraqi refugees who have returned since 2003.



The Department also supports capacity building at the Iraqi Ministry of Displacement and Migration, which has responsibility for assisting refugees and internally displaced persons (IDPs). Working with the International Organization for Migration's project to provide technical assistance to the Iraq Property Claims Commission, the Department will help to provide redress to Iraqis whose property was confiscated by the former regime. USAID has provided assistance for coordination, health, nutrition, logistics, shelter, emergency relief supplies, support to IDPs, water and sanitation, and capacity-building activities countrywide.

USAID economic growth programs develop and implement international best practice solutions aimed at improving the policy-enabling environment for private sector-led growth. Programs focus on policies, regulations, administrative procedures and institutions that have the most direct impact on the ability of foreign and domestic private sector firms to invest and grow their businesses in Iraq. These efforts improve essential services while generating short-term employment for Iraqi youth.

The Department is working with other USG agencies and international coalition partners to re-establish and modernize the Iraqi armed forces, police, justice, and prison systems to protect the people of Iraq and their human rights as well as to support the development of democratic institutions. Over 180,000 Iraqi soldiers and police have been trained and equipped since 2003.

The Department and USAID have committed over \$800 million to support and promote democratization, civil society development and political support for increasing Iraqi self-government. Most of this assistance has been channeled through NGOs such as the National Democratic Institute (NDI), International Republican Institute (IRI), the International Foundation for Electoral Systems (IFES), Freedom House, and the U.S. Institute of Peace.

U.S. programs also provided technical assistance to the Independent Election Commission of Iraq to facilitate the constitutional referendum and the national elections, to the constitutional committee, to the Iraqi National Assembly, and to political parties and watchdog groups. U.S. and other experts have offered technical advice and suggestions on how to bridge differences on the constitutional drafting process. Over 8 million Iraqis participated for the first time in free, multi-party elections for the Transitional National Assembly, and over 15 million registered to vote in the October 15, 2005 referendum on a new constitution.

#### Major Crosscutting Efforts



The Department also will continue to work closely with the UN, in particular the Secretary-General's Special Representative who heads the United Nations Mission for Iraq (UNAMI). The UN has a leading role to play in the political process (i.e., constitutional and electoral assistance), as well as in humanitarian, economic reconstruction, and rule of law-related activities. Through the U.S. mission, the Department, USAID and other agencies are working with Iraq's transitional government to establish strong and lasting relationships with Iraq's new generation of free leaders, promoting tolerance, freedom, and hope in the region.

## Homeland Security

The Department works on the frontlines to provide homeland security. The Department's effectiveness in this effort hinges on its ability to work as a unified whole, react quickly and add value to the USG-wide effort to curb terrorism and protect the homeland. To this end, the Office of the Coordinator for Counterterrorism has established a departmental Homeland Security Coordinating Committee to facilitate coordination among State Department bureaus and offices on homeland security issues. The Department has also taken steps to coordinate more effectively with other USG agencies on improving readiness, sharing of information, and U.S. border security.

The Department has developed its role under the National Response Plan, proving its effectiveness in the 2005 Top Officials exercise and later response to the aftermath of Hurricane Katrina. Department consular officers at more than 260 overseas posts adjudicate the majority of visa applications for entry into the U.S. These applicants may include people who wish to harm the U.S., as shown by the events of 9/11.

The Department continues to strengthen its visa screening system by vastly increasing the size of its name check database, conducting more visa interviews, sharing information with other relevant agencies to expedite visa processing and provide real-time essential checks, and requiring interagency clearances for additional categories of applicants from specific countries. The Department has provided U.S. ports of entry with real-time access to visa issuance data and has worked closely with the Departments of Homeland Security and Justice, the intelligence community, and other USG agencies on other border security issues. In addition, the Department is in consultation with DHS and other security and law enforcement agencies regarding strengthened security procedures for the refugee admissions program. The Department's relevant bureaus have together played a critical role in homeland security efforts to control visa and passport fraud. All are intent upon continuing their efforts toward ensuring a strong and secure visa system, while allowing and encouraging qualified applicants to come to the United States.

The Department implements training, equipment and procedural improvement assistance programs, working with several DHS agencies to help many countries improve border security, including Mexico and certain Caribbean countries. Highlights include improved passport and visa issuance, better screening of passengers and cargo, "trusted" traveler and shipper programs, improved patrol capabilities, search and rescue upgrades, anti-corruption efforts, and information sharing. As the U.S. Coast Guard, U.S. Customs Service, and other agencies were merged into DHS, the Department has re-doubled efforts with those and other law enforcement and intelligence agencies to interdict, investigate, and disrupt illegal international flows of drugs, criminals, funds, and weapons, which are linked to a greater or lesser extent to terrorism in several parts of the world.



The Department, DHS and Justice founded the Human Smuggling and Trafficking Center (HSTC) with several intelligence agencies to integrate efforts against the linked national security threats of alien smuggling, trafficking in persons, and criminal facilitation of clandestine terrorist travel. Department elements work world-wide with DHS and other agencies protecting the American homeland in areas such as the Container Security Initiative, G-8 nations' Secure and Facilitated International Travel Initiative, and in training and other support to other countries' border security and related law enforcement entities.

In September 2005, the Department and DHS formally submitted the Western Hemisphere Travel Initiative (WHTI) proposal for public comment. This joint initiative was created to implement the Intelligence Reform and Terrorism Prevention Act of December 2004, which established a legal requirement that by January 1, 2008, U.S. citizens



traveling to Canada, Mexico, and all of the countries of the Caribbean and Central American must use a passport or other accepted secure identification and travel document. The WHTI will also require citizens of Canada, Mexico, and the British Overseas Territory of Bermuda to have a passport or other accepted secure document that establishes the bearer's identity and nationality to enter or re-enter the United States. The Bureau of Consular Affairs has the lead on the Department's WHTI planning and operational efforts, including the significant expansion of passport adjudication and production capabilities to meet the needs of American travelers. Under the auspices of the WHTI, the Department and DHS are working together closely to explore other possibilities for secure travel documentation to facilitate legitimate travel in the region while maintaining the highest security standards.

Finally, the Department works closely with specialized USG and international agencies such as the Coast Guard, the Federal Aviation Administration, the Transportation Security Administration, the International Civil Aviation Organization (ICAO), and the International Maritime Organization (IMO), and with elements of the private sector such as the telecommunications industry to strengthen the security of transportation and communication infrastructure and networks both domestically and internationally. It also works with other USG agencies to strengthen foreign governments' capability for screening people and goods at key entry and exit points.

## Fragile and Failing States

The task of managing civil conflict, as well as addressing post-conflict responses, has become a mainstream focus of our foreign policy efforts today. The international security challenges we now face require long term commitment, focus, and a new set of resources to ensure that states and regions that have collapsed due to war or civil strife do not become breeding grounds for foreign terrorists and do not slide back into war yet again because basic needs of their population go unmet. Coordinating the USG response to and management of the kinds of regional and transnational conflicts arising today demands that our institutions allow for an efficient deployment of the appropriate U.S. Government experts, or nongovernmental actors, to a wide variety of overseas locations, usually with limited or nonexistent infrastructure.

On December 7, 2005, President Bush issued a new Presidential directive to empower the Secretary of State to improve coordination, planning, and implementation for reconstruction and stabilization assistance for foreign states and regions at risk of, in, or in transition from conflict or civil strife. These improved capabilities should enable the U.S. to help governments abroad exercise sovereignty over their own territories and to prevent those territories from being used as a base of operations or safe haven for extremists, terrorists, organized crime groups, or others who pose a threat to U.S. foreign policy, security, or economic interests.

Ultimately, however, defense of our national interests requires us to engage. Failing states and conflicts allow chaos and corruption that can create breeding grounds for terrorism, organized crime, and all manner of illegal trafficking (of arms, weapons of mass destructions or their precursors, narcotics, and humans) that may constitute immediate threats to our homeland security and core national security interests.

Therefore we must organize our efforts to address this foreign policy challenge head on and avoid the ad hoc approach of the past in dealing with nontraditional threats to international security. There is consensus in Congress, the international community, and the Administration that a more coherent approach allows us to more effectively support our national interests, help save lives and achieve foreign policy successes consistent with our national prestige and with our responsibility as leader of the free world. The Office of the Coordinator for Reconstruction and Stabilization (S/CRS) was created to address this challenge and has a mandate to lead, coordinate and institutionalize U.S. Government civilian capacity to prevent or prepare for post-conflict situations, and to help stabilize and reconstruct societies in transition from conflict or civil strife.

S/CRS will manage interagency strategic planning, initiate the deployment of people to the response effort through preexisting arrangements with partner agencies, internal surge capacity and reserve structures. Groups would be deployed immediately to plan at the relevant Regional Combatant Command, deploy with military in integrated interagency embedded teams, lead initial assessments in the field and provide Embassy support (or form the core of new mission headquarters), and manage surge from State and other agencies and the private sector.

## Counterdrug Initiatives

The international drug trade threatens not only Americans but also friends and allies in every region of the world. No country, and no society, is immune. In addition to the direct threat to the health and lives of individuals and families, drug traffickers and the large profits they generate corrupt officials, subvert democratic institutions and



the rule of law, distort economic development, provide support to some terrorist groups, and undermine regional stability in some key areas of the world. International traffickers are also closely linked to other transnational organized crime groups engaged in a broad range of illegal activities that threaten U.S. interests and values, including trafficking and smuggling of persons and contraband, money laundering, intellectual property theft, and trafficking in small arms.

To meet these challenges, the Department and USAID support a comprehensive range of bilateral, regional, and global initiatives and assistance programs to foster cooperation among states and to build up the law enforcement capacity of foreign governments to stop these threats before they reach U.S. soil. In carrying out our mission, we work with several other U.S. agencies, including the Departments of Justice, Defense, Treasury and Homeland Security (including Customs, Immigration, and the Coast Guard), as well as the Drug Enforcement Administration, the Federal Bureau of Investigation, and the Central Intelligence Agency.



The Department also works with international and regional organizations, including the UN, the Organization of American States, the G-8, the European Union (EU), the Council of Europe, and the Organization for Economic Cooperation and Development (OECD) Financial Action Task Force (FATF), as well as the several FATF-style regional bodies, to set international counterdrug and anti-crime standards, foster cross-border cooperation, and close off safe-havens for traffickers and other crime groups.

The joint Department/USAID counterdrug strategy includes striking directly at trafficking organizations by disrupting their operations, arresting and imprisoning their leaders, and seizing their assets while destroying illegal drugs at the source. This strategy also employs programs to help wean growers away from drug farming through alternative livelihoods and targeted development programs. Other elements of our counterdrug programs are designed to strengthen rule of law through justice sector development, reform and modernization.

This approach characterizes our two largest but quite different counterdrug programs, the Andean Counterdrug Initiative, which is now reaching full-stride in South America, and in Afghanistan, where the program is in the early stages of development. The Andean Counterdrug Initiative includes seven countries, with Colombia at its core. The Department and USAID joined forces with Defense, Justice, Homeland Security, Treasury, the Drug Enforcement Agency (DEA) and the Central Intelligence Agency (CIA) in a multi-year, unified attack on narco-terrorism that is working. In the mid-1990s Colombia was in the lethal grip of several narco-terrorist groups - the Medellin and Cali drug cartels and the local militias - all of whom threatened the very viability of the Colombian state. There were almost daily reports of the extensive violence and bombing campaigns that devastated parts of Bogota and other major cities. The Colombian police and army were reeling from battlefield setbacks.

The Colombian government, with U.S. assistance, responded to these threats with Plan Colombia, which has moved into high gear under President Uribe. Over the past two years political violence across the board - kidnappings, assaults, and murders - has dropped by half. The U.S.-supported aerial spray program has reduced the coca crop by 33 percent and the opium poppy crop by 68 percent since 2001, removing billions of dollars worth of drugs from the world market. USAID's work in developing licit income alternatives involving thousands of farmers is helping to build a market economy in which trafficking plays a diminishing role. Narco-terrorist groups in Colombia still pose a formidable threat but the people of Colombia are steadily reclaiming control of their country and moving ahead in building a prosperous, democratic society.

In Afghanistan, the primary source of the world's heroin, the Department and USAID are working with DoD and DEA to curb an upsurge of opium poppy cultivation that, if left unchecked, threatens to undermine both Afghan and regional stability and to reduce Afghanistan to a narco-terrorist state. With the UK, the U.S. is providing financial, logistical, personnel and other support to Afghan President Karzai's counternarcotics efforts. Our support includes 1) education and information to convince Afghan farmers not to plant poppy, 2) both voluntary and involuntary eradication of poppy cultivation where planting does take place, 3) aggressive interdiction operations against trafficking operations and arrest of medium and high-value targets, 4) assistance to provide alternative livelihoods for planter/farmers by developing other market opportunities and economic infrastructure, and 5) development of a justice sector to identify, investigate and successfully prosecute traffickers and other illegal groups.



In 2005, Afghan counternarcotics efforts helped reduce opium poppy cultivation by 48 percent over peak year 2004. It remains to be seen, however, whether such gains can be sustained. Afghanistan is a particularly challenging environment because of the low level of institutional development following a generation of civil war and Taliban rule.

## Nonproliferation of Weapons of Mass Destruction

The proliferation of weapons of mass destruction (WMD) and their delivery systems, and the possibility that terrorists might acquire them, remain the pre-eminent threats to U.S. national security. North Korea has declared its possession of nuclear weapons and Iran seeks the capability to produce nuclear weapons by producing nuclear weapons-grade material. Both countries openly develop and market missiles, and both are assessed to possess chemical and biological weapons. The A.Q. Khan supply network demonstrates the danger that non-state actors can gain access to WMD materials and technologies and then sell them to problem countries and terrorists like Al Qaeda interested in acquiring WMD. Efforts to address WMD proliferation, and to focus on the nexus between WMD proliferation and terrorism, involve many other players within the Department, all of whom contribute to efforts to keep WMD and related materials out of the hands of unstable state or non-state actors.



These efforts also involve close coordination between the Department and other agencies, including the Departments of Defense, Energy (DOE), Commerce (DOC), Treasury, Homeland Security (DHS), and the intelligence community in spearheading efforts to implement numerous presidential initiatives to counter WMD proliferation. The Proliferation Security Initiative (PSI) has moved into its third year, adding to the list of participating countries, enhancing its operational readiness for interdicting WMD-related shipments, and expanding its work to shut down proliferation networks, particularly to address financial flows. The Department works closely with DOD and intelligence and law enforcement agencies to implement the PSI.

Following a 2003 speech by President Bush, the United Nations Security Council adopted by unanimous vote Resolution 1540 (UNSCR 1540) in April 2004, requiring all states to enact and enforce laws against WMD proliferation, to put in place comprehensive export controls, and to secure sensitive materials within their borders. The Department coordinates USG efforts to address its obligations under the Resolution and to ensure the successful implementation of the resolution by other countries.

The Global Partnership Against the Spread of WMD, launched by President Bush with other G-8 leaders in 2002, has expanded international cooperation to reduce and eliminate WMD proliferation threats in Russia and other Eurasian states. Consistent with President Bush's Global Partnership commitment, State, DOD, and DOE nonproliferation and threat reduction programs manage funding of about \$1 billion annually to address a wide range of programs on nuclear, radiological, chemical, and biological materials, technology, and expertise. Some programs secure or eliminate dangerous materials or strengthen capacity to prevent proliferation through export controls and border security. Programs for the redirection of or engagement with scientists and engineers with WMD expertise have expanded to other countries (e.g., Libya and Iraq), while other agencies are also expanding their program efforts globally. The Department leads efforts to secure and track radioactive materials, through promotion of strengthened practices by other countries to account for and secure radioactive isotopes, and through a robust nuclear smuggling incident response effort. The Department also leads efforts, working closely with DOE, to resolve U.S.-Russian issues and to negotiate a multilateral financing agreement to support disposition of at least 34 tons of Russian weapons-grade plutonium - enough for over 4,000 nuclear weapons.

The Department places a priority on strengthening the barriers against access to WMD, their delivery systems, and related technology and aims to raise the financial and political cost to proliferators for engaging in their deadly trade. The Department leads efforts to strengthen compliance with and implementation of existing international nonproliferation treaties and commitments - the Nuclear Non Proliferation Treaty, Chemical Weapons Convention, and Biological Weapons Convention - and institutions, including the International Atomic Energy Agency (IAEA), Organization for the Prohibition of Chemical Weapons, and Hague Code of Conduct Against Ballistic Missile Proliferation. The Department coordinates U.S. policy with these institutions, e.g., through both regular and voluntary contributions to strengthen IAEA safeguards against illegal diversion of peaceful nuclear technology to



military purposes and to improve nuclear security and safety of civil nuclear facilities in IAEA member states and through improved data sharing and data security with the Organization for the Prohibition of Chemical Weapons (OPCW).

The Department also represents the USG in the multilateral export control regimes designed to bring together leading suppliers of nuclear, chemical/biological, missile, and advanced conventional technologies, and to ensure common standards and practices against transactions that could support proliferation activities. The Department leads interagency working groups that ensure that U.S. exports do not inadvertently contribute to WMD and missile programs, and that take action to interdict proliferant shipments and identify proliferation activities that warrant imposing trade sanctions under U.S. law. We also review thousands of visa applications in order to deny proliferators and terrorists the ability to enter the U.S. to acquire technology for their weapons programs.

Building the capacity of other countries to prevent proliferation is another high priority, as proliferators will exploit vulnerabilities in order to continue their illicit activities. Two foreign assistance programs are bulwarks of this priority - the Export Control and Related Border Security Assistance (EXBS) program, which helps to bring other countries' export control policies and practices fully in line with international standards, and our Nonproliferation and Disarmament Fund (NDF), which we use to help forestall future WMD and missile threats. Through the EXBS program, State coordinates resources from throughout the USG to achieve this goal, bringing together expertise from the Departments of Commerce, Energy, Homeland Security, and Defense, among others, to assist other countries in strengthening national controls. The NDF program is used to fund short notice, high priority efforts to keep WMD, their delivery systems, and related materials out of the hands of state or non-state actors of proliferation concern.

## State and USAID Management Coordination

To help achieve U.S. diplomatic, development, and management priorities and eliminate duplication, the Department and USAID established a Joint Management Council (JMC). The JMC oversees the development of more integrated structures to advance the goals of both institutions, support employees, and reduce costs by eliminating duplication of services. The Under Secretary for Management and USAID's Deputy Administrator co-chair the Executive Committee. Considerable progress has been made over the past year in eliminating duplication of services. At JMC direction, State and USAID are using Enterprise Architecture methodology to systematically examine the business functions of both organizations, determine what processes can be performed more effectively, and implement necessary changes. State and USAID have also made great strides in the area of information technology (IT), including joint financial systems and communications. To further these efforts, we are collaborating on a joint IT Strategic Plan that will serve as a blueprint for future IT investments.

Our budget and planning cycles have been synchronized, USAID officials attend State senior budget reviews and vice-versa, and we are working on a joint planning system for the near future. State and USAID have developed system requirements for the Joint Assistance Management System, which will provide a unified grants management application across both organizations. In the area of shared services overseas, the JMC has an ongoing results-oriented program in place that has thus far covered unifying the housing pool, warehousing, motor pools and motor vehicle maintenance, leasing and short-term-lease maintenance, and expendable property consolidation. We will soon expand this program to include other areas such as customs and shipping, expendable supplies, travel and transportation.

State and USAID are also working to unify systems, regulations and processes for property management, including motor vehicle programs. We already share a number of services and resources for travel and transportation operations, and are taking steps toward a single headquarters travel and transportation system and process.

State and USAID have also signed a memorandum of understanding to exchange selected post personnel data using a single application, Post Personnel. We will work together to integrate USAID's requirements into the application and test the revised application before implementing a single version of Post Personnel at all State and USAID missions in the spring.