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# The President of the United States Fiscal Year 2006 International Affairs Budget

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Secretary of State

[The following are excerpts of the statement presented to the Senate Appropriations Subcommittee on State, Foreign Operations and Related Programs, Washington, D.C., May 12, 2005.]

The President's *Fiscal Year (FY) 2006 International Affairs Budget* for the Department of State, United States Agency for International Development (USAID) and other foreign affairs agencies totals \$33.6 billion. I would like to take this opportunity to thank the members of this committee for their support and leadership in the passing the *FY 2005 Emergency Supplemental*. This urgently needed funding will support immediate political, economic, humanitarian, and operational needs that will allow us to meet new challenges and seize new opportunities to build a better, safer, and freer world. The supplemental international affairs funding of \$5.8 billion will ensure that we are able to respond speedily and effectively to the needs of our steadfast coalition partners in the War on Terror, to newly elected governments in Afghanistan, Iraq, the Palestinian territories and Ukraine who need our stabilizing assistance to move forward with reforms, to those seeking democracy assistance in Belarus and Lebanon, and to the men, women and children uprooted by war, as in Sudan, or swept up in natural disasters, such as the recent East Asia tsunami. The supplemental funds will also cover the extraordinary security and support costs of operating our current embassy in Baghdad, and the construction of a secure new embassy compound for our mission, as well as \$60 million for the security and operations of our embassy in Kabul.

I will begin my testimony on the *FY 2006 Budget Request* with an overview of President Bush's foreign policy mission, which we seek this Committee's support to advance. In the long term, as President Bush said:

The only force powerful enough to stop the rise of tyranny and terror, and replace hatred with hope, is the force of human freedom.

Through diplomacy, the United States can create new possibilities for freedom and fresh hope across the globe. We must deal with the world as it is, but we do not accept it as it is. In places like Afghanistan and Ukraine, Iraq and the Palestinian territories, Lebanon and Georgia, people's desire for freedom and a better future is redefining what many thought possible in these societies.

President Bush has charged the men and women of the Department of State (DoS) with helping to create a balance of power in the world that favors human liberty, and that is exactly what we are doing. Together with our democratic partners around the world, we are advancing a forward strategy of freedom.

Our cooperation with international partners is dramatically evident in Afghanistan, where last month I saw first-hand the progress that country has made towards stability, reconstruction, and democracy. The Presidential election last year was an inspiration to the world. Next September, Afghanistan's citizens, men and women alike, will again go to the polls, this time to elect a parliament. Afghanistan still faces many challenges, including the narcotics trade that could undermine its strides on so many fronts. We are committed to a comprehensive counter-narcotics strategy and a long-term reconstruction strategy because we believe in the future of a new, democratic Afghanistan an Afghanistan that is no longer a haven for terrorists and tyrants, but a partner in security and freedom.

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To build on the positive momentum in Afghanistan, President Bush has requested nearly \$1.1 billion in total U.S. funding, including \$956 million in foreign assistance support. This money will be used to invest in security, health, education, clean water and free market infrastructure, which together create conditions for sustained growth, opportunity, and to continue the fight against drugs.

This is also a very important year for Iraq, as the Iraqis write their constitution and hold national elections in December. When President Bush traveled to Europe in February, he and his counterparts not only turned the page on Iraq, they wrote a new chapter. All twenty-six North Atlantic Treaty Organizations (NATO) allies are now contributing to the NATO Training Mission in Iraq. The European Union (E.U.) announced its willingness to co-host an international conference with the United States to encourage and coordinate international support for Iraq. We have followed up on this initiative with the European Commission, the European Parliament, E.U. member states, other countries around the world, and the Iraqi government. Today, in the midst of a tough security situation, Iraqis at all levels from the town council in Fallujah to the President of the country are engaging in the democratic process and they need and deserve our support.

For Iraq, President Bush has requested \$457 million of support for FY 2006, including \$360 million to continue work already begun under the *Iraq Relief and Reconstruction Fund*. These monies would be targeted towards helping the new Iraqi leadership create a functioning democracy and a justice system governed by the rule of law. This funding also will help the Iraqi government deliver basic services to its people, collect revenues, generate jobs and develop a free market system capable of joining the global economy.

We and our democratic allies are putting the power of our partnership to work not only in Afghanistan and Iraq, but all across the Broader Middle East and North Africa. Efforts to encourage democratization, economic reform, the growth of civil society and opportunity for all through education are critical to shaping a stable and prosperous future for this strategically important region. Recognizing this, through the G-7 [the G-7 countries are Canada, Germany, France, Italy, Japan, the United Kingdom and the United States] we have established the Forum for the Future, a new partnership between the democratic world and nations of this vast region, and we are committed to ensuring that the Forum plays a central role in advancing indigenous reform efforts in this vast region extending from Morocco to Pakistan.

In early March 2005 in London, I participated in an important conference of major donors, including regional states, to help the Palestinian people advance their political, security and economic reforms and build infrastructure for self-government. The World Economic Forum in Jordan is expected to give further impetus to political and economic reform in the region. The path of reform in the Broader Middle East will be difficult and uneven. Freedom's work is the work of generations. But it is also urgent work that cannot be deferred. From Morocco to Bahrain to Afghanistan, we are seeing new protections for women and minorities, and the beginnings of political pluralism. We have seen an opening toward broader participation in the first-ever municipal elections in Saudi Arabia. President Mubarak announced Egypt's intention to open up competition in Egypt's presidential elections. In the Palestinian territories and in Iraq we have witnessed remarkably free and successful elections. And in Lebanon we have witnessed the dramatic popular demonstrations for freedom and against the continued manipulation of the government and politics by outsiders.

The will of the people of Lebanon to make their own decisions and throw off the mantle of oppression is clear. The people of Lebanon have an enormous opportunity to bring about peaceful change with elections. We and many others support them by insisting on the withdrawal of all foreign forces from Lebanon, as required by United Nations (U.N.) Security Council

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Resolution 1559, and by supporting free and fair elections. In support of these hopeful trends across the region toward freedom and democratic government, the FY 2006 budget request proposes enhanced funding for diplomatic and assistance activities in the Middle East, North Africa and other countries with significant Muslim populations. The request includes \$120 million for the Middle East Partnership Initiative for reform, \$40 million for the National Endowment for Democracy to expand efforts to promote democracy in the Broader Middle East and North Africa region, \$180 million for Muslim outreach through educational and cultural exchanges, and increases for a wide range of other public diplomacy and broadcasting initiatives geared toward Muslim publics, particularly young people.

Of course, the process of reform in the Broader Middle East is not detached from what must happen between the Israelis and Palestinians toward realizing President Bush's vision of an independent Palestinian state living side-by-side in peace with the State of Israel.

The Palestinian elections, and the Israeli withdrawal plan for Gaza and parts of the West Bank, have created a unique opportunity for peace. In fact, when I met with both Prime Minister Sharon and President Abbas they had the same opening line:

This is an opportunity for peace we must not miss.

President Bush has announced an additional \$350 million to help the Palestinians build infrastructure and sustain the reform process over the next two years, including the \$150 million in the FY 2006 budget. I would like to thank the Congress for supporting the President's efforts by providing the \$200 million included in the *FY 2005 Supplemental*. This is an important show of support for President Abbas. Our FY 2006 budget request also contains \$2.5 billion in assistance to Israel, which continues our longstanding strategic partnership and supports regional democracy and security.

Even as we work with allies and friends to meet the great challenge of advancing freedom and peace in the broader Middle East and North Africa, we will seize other important opportunities to build a world of peace and hope. For example, the U.S. led *Global War on Terrorism* has put Pakistan and India on the same side against extremism. We have de-hyphenated our relationship with Pakistan and with India, building strong, independent ties with each. At the same time that our relations with India have been moving forward we have the best relations with Pakistan that perhaps we have ever had, deepening our cooperation with Pakistan in the war on terrorism, supporting President Musharraf's modernization efforts and the liberalization of Pakistan's economy.

During my March trip to Pakistan and India, on behalf of President Bush I congratulated both countries for the steps they have taken toward warmer relations with each other. In Islamabad, I discussed the need to chart a democratic path for Pakistan, including the holding of national elections in 2007. With India, the world's largest democracy, we are cooperating on a global strategy for peace, and on defense, energy and growth. A few weeks ago, India's Foreign Minister met with President Bush and they discussed ways we might accelerate our cooperation still further and we look forward to a July visit by Prime Minister Singh.

The future of Asia is very dynamic. Our alliances and relationships in Asia starting with our critical strategic and economic ties with Japan will be profoundly important in creating a stable, prosperous, democratic region and world. Much of Asia's dynamism comes from an emerging China whose economy has become an engine of regional and global growth. This new factor in international politics requires us to incorporate China more fully into the global system. We are working with China in context of its World Trade Organization (WTO) commitments to address outstanding concerns related to that ongoing integration effort, particularly on issues such as intellectual property rights, financial sector reform and improved market access.

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We believe that we and our allies and friends can help foster an environment in which a rising China acts as a positive force. We want China as a global partner, able and willing to match its growing capabilities to its international responsibilities. And we believe that China must eventually embrace some form of open, genuinely representative government if it is to realize the full talents of the Chinese people and fully reap the benefits and meet the challenges of a globalizing world.

Last month, I participated in the NATO Ministerial meeting, held for the first time in Lithuania, one of NATO's newest members. I just accompanied President Bush on his visit to another new NATO ally, Latvia, where he had a very positive and constructive meeting with the leaders of Latvia, Lithuania and Estonia. The expansion of the North Atlantic alliance to twenty-six members including the three Baltic states marks the further advance of democracy and freedom throughout Europe. From Riga, we stopped in Maastricht, Netherlands, to pay tribute to those who served and sacrificed in the World War II and to those who are standing with us today in defense of democracy and freedom in places like Iraq and Afghanistan.

From The Netherlands, the President and I traveled to Russia to mark the 60th anniversary of the end of World War II. The visit and ceremonies in Moscow were an opportunity to thank those who so bravely fought for the victory over fascism. President Bush continued his dialogue with President Putin about U.S. and Russian relations and about Russia's future. In his recent State-of-the-Union address, President Putin stressed his commitment to democracy and we look forward to seeing how his words get translated into deeds. President Bush also met with civil society leaders and emphasized that a democratic, vibrant, prosperous Russia is in everyone's interests.

We then went to Georgia, where we witnessed the enthusiasm of a new democracy first hand. And President Bush underscored to President Saakashvili our support for the independence, territorial integrity and strengthening of that young democracy. The seeds of democracy in Georgia, which truly blossomed from the Rose Revolution of November 2003, served as an inspiration a year later to those in Ukraine who refused to accept a stolen election. The political transformation within Ukraine has meant a new dynamic in Ukraine's relationship with the U.S. and our allies. At the NATO Ministerial last month, the alliance extended an invitation to Ukraine to begin an intensified dialogue on membership issues, raising NATO's cooperation with Ukraine to a new level. All of us welcomed the new leader of Ukraine, Viktor Yushchenko, to Washington. We recognize that he has a lot to do to reform his country, and we have a strong interest in ensuring the success of a democratic Ukraine.

In Kyrgyzstan, the change of government precipitated by popular discontent over election fraud and government corruption will be followed by new presidential elections July 10, 2005. These elections offer Kyrgyzstan the opportunity to establish new democratic benchmarks for Central Asia. Working closely with our Organization for Security and Cooperation in Europe (OSCE) partners, we will provide assistance to ensure the elections are conducted freely and fairly. Beyond the elections, we look forward to working with a legitimately elected government to establish the basis for prosperity and stability for Kyrgyzstan and the region.

Several weeks ago, I visited Brazil, Colombia, and El Salvador and took part in the Community of Democracies Meeting in Santiago, Chile. Our efforts in the hemisphere, in Africa and across the developing world are designed to help strengthen fellow democracies so that they can deliver the benefits of democracy to their citizens and help them escape poverty. Our policy is also guided by the principle that leaders who are elected democratically have a responsibility to govern democratically. We are working in partnership with developing nations to fight corruption, instill the rule of law, and create a culture of transparency that will attract the trade and investment crucial to poverty reduction.

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At the Monterrey Summit in 2002, all nations agreed that economic growth is essential to fighting poverty, and that development assistance works best when it goes to countries that adopt growth-oriented policies. This concept underlies the President's revolutionary Millennium Challenge Account initiative. We seek \$3 billion for the third year of the Millennium Challenge Corporation, which helps countries that govern justly, adopt sound economic policies and invest in the welfare of their people. We also seek \$2.4 billion in development, child survival and health assistance. The FY 2006 budget 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. We will also help countries enhance their capabilities to protect their citizens from traffickers and terrorists.

Our FY 2006 request includes \$735 million for the Andean Counter Drug Initiative to consolidate gains made in recent years in eradication, interdiction and alternative development. We are requesting \$5.8 billion in assistance to our front-line partners in the *Global War on Terror*. Through the provision of equipment and training, this assistance will help give military, police and other security forces the tools they need to destroy terrorist cells, disrupt terrorist operations, strengthen border controls, and prevent attacks. This assistance will also help advance economic growth and democratic reform, providing new opportunities for their citizens and addressing the hopelessness that terrorists seek to exploit. The request includes:

- \$698 million for Pakistan;
- \$559 million for Colombia;
- \$462 million for Jordan;
- \$213 million for Kenya; and
- \$159 million for Indonesia.

When they engage effectively, multilateral institutions can multiply the strength of freedom-loving nations. We are requesting \$1.3 billion in support for the multilateral development banks, with which our bilateral assistance missions partner abroad to reinforce effective economic reform strategies. In addition, we are seeking \$100 million in debt relief for the Heavily Indebted Poor Countries initiative, an effort we are pursuing in concert with the G-7 countries, [Canada Germany France, Italy, Japan, the United Kingdom, and the United States] other key lending countries, and the international financial institutions. We are requesting nearly \$1.3 billion for U.S. obligations to 47 international organizations, including the U.N., and a little over \$1 billion to pay projected U.S. assessments for U.N. peacekeeping missions. And we are seeking \$114 million to enhance the peacekeeping capabilities of non-U.N. forces, with a particular focus on Africa.

We are encouraged by the African Union's (A.U.) leadership in addressing conflicts across the continent, specifically its mission in Darfur. The A.U. military commanders in Darfur are doing vital work in providing security for millions of displaced people. We welcome the A.U.'s decision to double the size of its Darfur mission to enhance its ability to protect civilians, and we appreciate your help through the supplemental to support this expanded mission. We fully appreciate the urgency of the situation and we encourage the A.U.'s consultations with NATO on potential logistical assistance that would enable the A.U. forces to expand quickly and sustain their operations.

Meanwhile, we are doing all we can to ensure that the displaced people get the basic humanitarian supplies they need until such time as secure conditions are established that enable them to return to a normal life. And we are pressing for prompt implementation of the North-South Comprehensive Peace Agreement, because that accord creates a possible political

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framework for resolving conflicts in Darfur and other regions of Sudan. At the same time, we are working to orchestrate an international message to the Government of Sudan:

They are responsible for conditions in Darfur and must cooperate to stop the killing and create a path for peaceful reconciliation.

Thanks to Congress's strong backing, last month at the Oslo Donors' Conference to support the peace agreement, we were able to pledge \$853 million to help Sudan in FY 2005. Most recently in the Supplemental, Congress provided additional support to help meet the needs of implementing the *Comprehensive Peace Agreement* in the south of Sudan and keep humanitarian supplies flowing to Darfur. I thank you for your generosity and look forward to further strong congressional support for Sudan through the FY 2006 Budget. Given the enormity of the humanitarian, security, and political challenge, your continued backing is critical. Sudan is but one, terrible example of the broader challenge we face. Chaos, corruption and cruelty reign can pose threats to their neighbors, to their regions, and to the entire world. And so we are working to strengthen international capacities to address conditions in failed, failing and post-conflict states. President Bush has charged us at the Department of State with coordinating our nation's post-conflict and stabilization efforts and we are asking for \$24 million in operating funds for the new Office of the Coordinator for Reconstruction and Stabilization housed in the Department. I also appreciate the \$7.7 million Congress has provided in supplemental funds for start-up and personnel costs for the Office of the Coordinator. The FY 2006 budget proposes a \$100 million Conflict Response Fund to quickly address emerging needs and help deploy trained and experienced civilian personnel immediately to an unstable region.

The United States must stay at the forefront of the global campaign against human immunodeficiency virus and acquired immune deficiency syndrome (HIV/AIDS), providing half of the global assistance to fight this scourge. The President is requesting \$3.2 billion in total U.S. funding for care, treatment and prevention efforts. We will demonstrate the compassion of the American people in other ways as well. Through our continued support of international and non-governmental organizations, we will ensure that America remains the world's most generous food and non-food humanitarian assistance provider. We seek \$3 billion in food aid and famine relief and non-food humanitarian assistance, including support for fragile states. In all of these endeavors, the primary instrument of American diplomacy will be the dedicated men and women of the Department of State. We would welcome your help as members of the full committee in ensuring that our people are well equipped for the challenges ahead in terms of training, technologies and safe workplaces. Secretary Powell and his team made important progress in these areas and we must build on the foundation they established. We are requesting \$1.5 billion for security-related construction and physical security and rehabilitation of U.S. embassies and consulates, and \$690 million to increase security for diplomatic personnel and facilities. We have a solemn obligation to protect the people of our diplomatic missions and their families, who serve at our far-flung posts in the face of a global terrorist threat.

We must strengthen the recruitment of new personnel. We are seeking \$57 million for 221 new positions to meet core staffing and training requirements. And as we seek out new talent, we also seek to further diversify our workforce in the process. We send an important signal to the rest of the world about our values and what they mean in practice when we are represented abroad by people of all cultures, races, and religions. Of course, we also must cultivate the people we already have in place by rewarding achievement, encouraging initiative, and offering a full range of training opportunities. That includes the training and support needed to make full use of new technologies and tools, and we are asking for \$249 million for investment in information technology.

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Public diplomacy will be a top priority for me, as I know it is for this Committee, and the FY 2006 request includes \$328 million for activities to engage, inform and influence foreign publics. America and all free nations are facing a generational struggle against a new and deadly ideology of hatred. We must do a better job of confronting hostile propaganda, dispelling dangerous myths, and telling America's story. In some cases, that may mean we need to do more of what we are already doing, and in other cases, it may mean we need new ways of doing business.

If our public diplomacy efforts are to succeed, we cannot close ourselves off from the world. We are asking for \$931 million to improve border security and for an increase of \$74 million over FY 2005 for educational and cultural exchange programs, bringing the total to \$430 million in FY 2006. We will continue to work closely with the Department of Homeland Security to identify and prevent terrorists and other adversaries from doing harm, even as we maintain the fundamental openness that gives our democracy its dynamism and makes our country a beacon for international tourists, students, immigrants, and business people. We will keep America's doors open and our borders secure.

This time of global transformation calls for transformational diplomacy. More than ever, America's diplomats will need to be active in spreading democracy, reducing poverty, fighting terror and doing our part to protect our homeland. And more than ever, we will need your support if we are to succeed in our vital mission for the American people.