

S. HRG. 108-792

**FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED PROGRAMS APPROPRIATIONS FOR
FISCAL YEAR 2005**

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
ONE HUNDRED EIGHTH CONGRESS
SECOND SESSION
ON
H.R. 4818/S. 2812

AN ACT MAKING APPROPRIATIONS FOR FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2005, AND FOR OTHER PURPOSES

**Department of State
Nondepartmental Witnesses
United States Agency for International Development**

Printed for the use of the Committee on Appropriations



Available via the World Wide Web: <http://www.access.gpo.gov/congress/senate>

U.S. GOVERNMENT PRINTING OFFICE
92-146 PDF

WASHINGTON : 2005

For sale by the Superintendent of Documents, U.S. Government Printing Office
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FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIA- TIONS FOR FISCAL YEAR 2005

THURSDAY, APRIL 8, 2004

**U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.***

The subcommittee met at 2:30 p.m., in room SD-124, Dirksen Senate Office Building, Hon. Mitch McConnell (chairman) presiding.

Present: Senators McConnell, Specter, Bennett, DeWine, Stevens, Leahy, Harkin, Durbin, Landrieu, and Byrd.

DEPARTMENT OF STATE

OFFICE OF THE SECRETARY

STATEMENT OF HON. COLIN L. POWELL, SECRETARY

OPENING STATEMENT OF SENATOR MITCH MC CONNELL

Senator MCCONNELL. This hearing will come to order. We want to welcome the Secretary of State. After a couple of false starts, we are pleased to hold the first of three hearings on the fiscal 2005 budget request.

On April 21, USAID Administrator Natsios and State Counter-terrorism Coordinator Cofer Black will testify on foreign assistance and international terrorism. On April 28, HIV-AIDS Coordinator Tobias will appear before the subcommittee to discuss the fiscal year 2005 HIV-AIDS request.

In the interest of time, Senator Leahy and I will make brief opening remarks, and I would request Secretary Powell, as usual, to summarize his testimony, which will be included in the record in its entirety. We will then move to 5-minute rounds of questioning, and the record will be kept open to ensure that all senators have an opportunity to have their questions addressed.

Mr. Secretary, I want to begin by thanking you and the President's foreign policy team for your collective efforts to promote freedom across the globe and, in my judgment, nowhere is this more apparent than in Iraq and Afghanistan.

Having traveled to the Middle East and South Asia myself, about 6 months ago, I can attest that the citizens of those countries are clearly better off today than they were under the repressive misrule of Saddam Hussein and the Taliban, respectively.

(1)

IRAQ

The recent BBC/ABC poll results in Iraq are fascinating. I wish Americans were as upbeat about America as Iraqis are about Iraq. If you watched U.S. television every day, you would think nothing but bad things are happening in Iraq, and surely the Iraqi people would be depressed about that. However, in the BBC/ABC poll—which was taken from February 9 to February 28—in answer to the question, “How are things going today, good or bad, in Iraq?”, 70 percent said good, 29 percent said bad. That is a question the President would love to see answered that way here. Compared to a year ago before the war in Iraq: 56 percent responded things are better; the same, 23 percent; worse, 19 percent.

In terms of the optimism factor, that is, how they will be a year from now, 71 percent of Iraqis thought things would be better, only 9 percent thought they would be the same, and only 7 percent thought they would be worse. I think that pretty well sums up the results of a professional poll about how Iraqis themselves—those who experienced the murders of 300,000 of their own citizens during the Saddam Hussein regime—feel about their prospects, Mr. Secretary, as a result of your leadership and that of the President and others in liberating that country from the regime that had terrorized not only its own citizens but its neighbors for well over a quarter of a century.

To be sure, the Islamic extremists are working hard to undermine the new-found freedoms; and, in desperation, are attacking soft targets: innocent men, women, and children. These terrorists know that each step toward democracy is yet another step in the death march for their hateful and intolerant ideology.

In Iraq, we should expect increased terrorist activities in the days and months before the June 30 transition. We have been seeing that lately.

Beginning July 1, and under your watchful eye at the State Department, I am confident that the Iraqi people will not only stay the course but continue to further consolidate the significant gains they have achieved in a relatively short period of time.

However, freedom is not free. And we thank the many soldiers and civilians serving on the front lines of the global war on terrorism; whether American, Iraqi, or Afghani.

Today's hearing affords this subcommittee an opportunity to glean additional information on the President's \$21 billion budget request for the next fiscal year. And it would be helpful, Mr. Secretary, to have your insights as chairman of the Millennium Challenge Corporation.

I know several of my colleagues share a concern with the proposed funding levels for SEED and FSA accounts. While we support graduation of countries from U.S. foreign assistance, we are troubled by developments in such places as Russia and Serbia. I want to commend you for giving voice to these shared concerns during your trip to Russia earlier this year, and for not certifying Serbia's cooperation on war crimes issues last week.

U.S. EMERGENCY FUND

It would also be useful to have your views on the proposed \$100 million U.S. Emergency Fund for Complex Foreign Crises. This strikes me as a good idea, given the need to respond with maximum flexibility to unanticipated events and opportunities, particularly in the Middle East and on the African continent. Libya comes readily to mind.

Just a couple of observations, which will not surprise you, relating to Burma. Congress will begin the process of sanctions renewal in the next few weeks. I deeply appreciate the President's continued interest and leadership on this issue, as well as your own. I know we will be able to count on your support for continued sanctions, given the total absence of irreversible progress toward democracy in that country.

It is simply not enough for Aung San Suu Kyi to be released or that she be given a last-minute seat at the table. We can pretend that the State Peace and Development Council is serious about a constitutional convention—as Thailand seems to be intent on doing—but I hope we will not have short or selective memories when it comes to that subject.

Justice is certainly due for the May 30 attack on Suu Kyi and the NLD, and the regime ought to be held accountable for its actions.

PREPARED STATEMENT

In that regard I would encourage you to renew and reinvigorate efforts to secure sanctions regimes from the European Union and other professed supporters of freedom around the world. Unfortunately, we are hearing that international financial institutions, particularly the World Bank and the Asian Development Bank, are keen on re-engaging in Burma. They do so at their own risks and should begin finding other funding sources for the upcoming fiscal year, because none will be forthcoming from this subcommittee.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MITCH MCCONNELL

Mr. Secretary, I want to begin my remarks this afternoon by thanking you and the President's foreign policy team for your collective efforts to promote freedom across the globe. Nowhere is this more apparent than in Iraq and Afghanistan.

Having traveled to the Middle East and South Asia some six months ago, I can attest that the citizens of those countries are better off today than they were under the repressive misrule of Saddam Hussein and the Taliban, respectively.

I saw this firsthand through bustling, free commerce in the streets, freedom of expression that takes many forms, and through the words of grateful Iraqis and Afghans whose once bleak future now holds promise and hope.

To be sure, Islamic extremists are working hard to undermine these new-found freedoms and in desperation are increasingly attacking soft targets: innocent men, women and children. These terrorists know that each step toward democracy is a yet another step in the death march for their hateful and intolerant ideology.

In Iraq, we should expect increased terrorist activities in the days and months before the June 30 transition. Beginning July 1—and under your watchful eye at the State Department—I am confident that the Iraqi people will not only stay the course but continue to further consolidate the significant gains they have achieved in such a short time.

However, freedom is not free. This Senator thanks the many soldiers and civilians serving on the front lines of the global war on terrorism—whether American, Iraqi or Afghani.

Today's hearing affords this Subcommittee an opportunity to glean additional information on the President's \$21 billion, fiscal year 2005 budget request for foreign operations. It would helpful to have your insights into the request, both as Secretary of State and Chairman of the Millennium Challenge Corporation.

I know several of my colleagues share my concern with the proposed funding levels for the SEED and FSA accounts, and while we support graduation of countries from U.S. foreign assistance we are troubled by developments in such places as Russia and Serbia. I want to commend you for giving voice to shared concerns during your trip to Russia earlier this year, and for not certifying Serbia's cooperation on war crimes issues last week.

It would also be useful to have your views on the proposed \$100 million U.S. Emergency Fund for Complex Foreign Crises. This strikes me as a good idea given the need to respond with maximum flexibility to unanticipated events and opportunities, particularly in the Middle East and on the African continent. Libya comes readily to mind.

Let me close with a few comments on Burma.

Congress will begin the process of sanctions renewal in the next few weeks, and I deeply appreciate the President's continued interest and leadership on this issue. I hope—and expect—that we can count on your support, Mr. Secretary, for continued sanctions, given the total absence of irreversible progress toward democracy in that country.

It is simply not enough that Aung San Suu Kyi be released, or that she be given a last minute seat at the table. We can pretend that the State Peace and Development Council (SPDC) is serious about a constitutional convention—as Thailand seems intent on doing—but we should not have short or selective memories.

Justice is due for the May 30 attack on Suu Kyi and the NLD, and the SPDC must be held accountable for its actions.

I encourage you to renew and reinvigorate efforts to secure sanction regimes from the European Union and other professed supporters of freedom around the world. Unfortunately, I am hearing that international financial institutions—particularly the World Bank and the Asian Development Bank—are keen on re-engaging Burma. They do so at their own risks, and should begin finding other funding sources for the upcoming fiscal year because none will be forthcoming from this Subcommittee.

Again, welcome Mr. Secretary. I look forward to your testimony.

Senator McCONNELL. With that, I turn to my friend from Vermont.

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you, Mr. Chairman, I am glad you are scheduling this hearing. Incidentally, I would urge the members of this subcommittee to read the Op-ed piece that Senator McConnell had in the Washington Post yesterday about Egypt. I think that one does not have to be a great analyst to understand that there may be some changes in our approach to foreign aid there. And I commend the chairman for his article.

Senator McCONNELL. Thank you.

Senator LEAHY. And, Mr. Secretary, of course, thank you for being here. You are one of the Cabinet members who regularly comes before our committees; not all of your colleagues are willing to and I am delighted that you do.

We have a lot to talk about. Obviously, the situation in Iraq is of great concern. We had a discussion earlier this morning when we went over the violence and the number of casualties; and, of course, you have to feel for the families of our brave soldiers, and marines, who are over there. They are facing horrendous dangers.

Your background is in the military. You have a better idea than all of us of what they are going through in combat; and also what their families go through when they are either killed or sometimes severely injured with lifetime injuries.

IRAQ RECONSTRUCTION

We have appropriated more than \$20 billion to rebuild Iraq. And that is, of course, in addition to the hundreds of billions of dollars we are spending there on the military operations.

Last October, the President said the reconstruction money in the Iraq supplemental was an emergency. And we were told by the administration that the President needed every dime, he needed it immediately. And when some Members on both sides of the aisle tried to look at it, maybe split it up, here in the Appropriations Committee, we were told we had to pass it immediately.

Five months later, only about a ninth of the money has actually been spent. In the meantime, the violence is spreading and we hear, as a strategy, only about sending more troops.

Mr. Secretary, this is an election year and like all election years, partisanship up here is at a high—although I must say in my 29 years here, it is at an all-time high. But the situation in Iraq is not about Democrats or Republicans. It is a problem for all Americans. We need to work together to solve it.

You and I have known each other for, I think, a couple of decades now. And I have always considered you as somebody who can bring people of different political persuasions together. I have seen you do that at meetings, where you have had people across the political spectrum. Well, we need unity today. We need it between the Congress and the White House. We need it among the American people. And we need it with our allies.

I believe that the majority of Iraqis reject violence. They want to rebuild their country. But I do not think our strategy is working.

Our forces can quash this latest uprising; they will. But what is happening in Iraq today does not bode well for the future. Just “staying the course” is not a viable strategy at this point, at least not to me.

Using more force, or simply sending more troops, will not solve the problem, nor simply replacing the CPA with a giant U.S. Embassy.

We need a broader, multilateral approach that has the support of a majority of the American people and the Iraqi people, as well as our allies and the international community, including as many Arab and Muslim nations as possible.

STRATEGY OPTIONS

Let me suggest just a couple of ideas. I believe the President should immediately convene a bipartisan summit of his key Cabinet officials and bipartisan Members of the congressional leadership at the White House to discuss the strategy options for the coming months.

Second, I believe the President should address the American people, explain his strategy in some detail and the difficult road ahead, and tell our families how long we can expect our soldiers to be in Iraq.

Third, I believe the President should convene a summit of the world’s major democracies, including those that opposed his decision to go to war. Because rebuilding Iraq poses a challenge not only for the United States, but for the rest of the world. And if civil

war takes hold there, we know how disastrous the consequences could be.

Fourth, the President should send you, Mr. Secretary, back to the U.N. Security Council, to seek a new resolution calling for increased support from other nations, aimed specifically at addressing the deteriorating security situation.

That resolution, I believe, should also call for the appointment, by June 30, of a U.N. Administrator under the auspices of the Security Council, to work closely with the Iraqi Provisional Government to make clear that this is not simply a puppet government that answers to the United States.

Finally, armed with a U.N. Security Council resolution, I believe the President should go back to NATO to ask our allies for additional troops and resources.

Mr. Secretary, you may not agree with any of these suggestions but I hope you will at least consider them and give me your thoughts; because as the top diplomat in the government I believe you should be playing a bigger role.

PREPARED STATEMENT

I do not offer these ideas as a Democrat or Republican. I offer these as somebody who has been in the U.S. Senate for 29 years. And I have worked on a lot of things with a lot of different administrations in both parties. I really think this is the time to bring people together.

Mr. Chairman, I have a lot more in my statement.

Senator MCCONNELL. Thank you.

Senator LEAHY. I will put that in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Mr. Chairman, thank you for scheduling this hearing, and thank you Mr. Secretary for being here.

We have a lot to discuss today but the situation in Iraq is of great concern. We have all been shocked by the violence and the number of casualties in the past few days, and our deepest condolences go out to the families of those who have died.

We have appropriated more than \$20 billion to rebuild Iraq. That is in addition to the hundreds of billions of dollars we will spend on our military operations there.

Last October, the President said the reconstruction money in the Iraq supplemental was an emergency. He said he needed every dime immediately. Five months later, only about one-ninth of the money has been spent. In the meantime, the violence is spreading and it is not clear what our strategy is, except possibly sending more troops.

Mr. Secretary, this is an election year and partisanship up here is at an all time high. But the situation in Iraq isn't about Democrats or Republicans. It is a problem for all Americans and we need to work together to try to solve it.

You and I have known each other for a couple of decades. I have always considered you someone who can bring people of all political persuasions together. We need unity today, between Congress and the White House, among the American people, and with our allies.

I believe the majority of Iraqis reject violence and want to rebuild their country. But I don't think the President's strategy is working. Our forces can quash this latest uprising, but what is happening in Iraq today does not bode well for the future. Just "staying the course" is not a viable strategy at this point, at least not to me. Using more force, or simply sending more troops, will not solve the problem, nor will simply replacing the CPA with a U.S. Embassy.

We need a broader, multilateral approach that has the support of a majority of the American people and the Iraqi people, as well as our allies and the international community, including as many Arab and other Muslim nations as possible.

Let me suggest a couple of possible ideas.

First, I believe the President should convene a bipartisan summit of his key Cabinet officials and Congressional leaders at the White House to discuss strategy options for the coming months.

Second, the President should address the American people, explain his strategy and the difficult road ahead, including how long we can expect our soldiers to be in Iraq.

Third, the President should convene a summit of the world's major democracies, including those that opposed his decision to go to war. Rebuilding Iraq poses a challenge not only for the United States, but for the rest of the world. If civil war takes hold there, we know how disastrous the consequences could be.

Fourth, the President should send you, Mr. Secretary, back to the U.N. Security Council, to seek a new resolution calling for increased support from other nations, aimed specifically at addressing the deteriorating security situation. That resolution should also call for the appointment, by June 30, of a U.N. Administrator, under the auspices of the Security Council, to work closely with the Iraqi Provisional Government to make clear that this is not simply a puppet government that answers to the United States.

Finally, armed with a U.N. Security Council resolution, the President should go back to NATO to ask our allies for additional troops and resources.

Mr. Secretary, you may not agree with any of these suggestions. But I hope you will at least consider them and give me your thoughts, because as the top diplomat in this government I believe you need to be playing a bigger role.

Mr. Chairman, I have a longer statement that highlights a number of my other concerns, but in the interest of saving time I will ask that you include it in the record. Mr. Secretary, I hope you will take the time to review it.

Recently, the Pew Research Center released the results of its survey on the way the United States is regarded around the world, more than two years after 9/11 when we were the focus of so much sympathy and good will. I am sure you know the results. In country after country, the majority of people have a negative opinion of the United States.

Another Pew poll showed that support among the American people for the President's policy in Iraq has steadily declined. I think these polls are a telling measure of the shortcomings of this Administration's strategy against terrorism, and also of the unilateralism and high handedness that have too often characterized our dealings with the rest of the world.

Turning to the fiscal year 2005 budget, the President's request would cut vital programs like Child Survival and Health which have strong bipartisan support. But not only that, it is doubtful we will receive an allocation from the Appropriations Committee that matches even the President's request.

What this means is that we will, once again, have to rob Peter to pay Paul in order to restore the cuts the President made, because it is a zero sum game. This will cause problems for you and the people in our embassies who carry out the foreign policies of this country. Whatever you, the OMB Director, and the President can do to convince the Republican leadership here about the importance of this Subcommittee's allocation will be time well spent.

I want to say how concerned I am by this Administration's handling of the Israeli-Palestinian conflict. I am sure you disagree with those who criticize the Administration for abandoning the Middle East peace process, but the fact is that neither we, nor Israelis, nor Palestinians have any reason to believe that President Bush will expend any political capital to move the process forward any time soon. Not only does this mean more bloodshed that might be avoided, but we will not succeed in stopping terrorism as long as we ignore this problem.

You also know of my disappointment about the Administration's new landmine policy, which amounts to a pledge to get rid of, in 2010, a type of mine we haven't used since Vietnam, including in Korea. At the same time, it abandons the commitments I worked out with the Pentagon six years ago. It is another example, I believe, of unilateral arrogance in the place of leadership and international cooperation, and another reason why no one should be surprised by the results of the Pew survey.

I want to commend you for not certifying that Serbia has cooperated with the Hague Tribunal. It sent an important message. On the other hand, I think you made the wrong decision on Colombia. I support President Uribe, but you have consistently certified Colombia's performance on human rights despite serious, continuing problems.

Similarly, Charles Taylor must be brought before the Special Court for Sierra Leone. The United States supported the establishment of the Court, including proposing and voting for Security Council resolution 1315. The Bush Administration has made an issue about the enforcement of U.N. resolutions, and the State Depart-

ment, in a letter to me, said it is confident that Mr. Taylor will be brought before the Court. We need to make this happen, sooner rather than later, as the Court could close down as early as next summer.

Finally, is the issue of corruption. Corruption is like a cancer. It is the biggest obstacle to development—from Indonesia to Guatemala, from Nigeria to Pakistan. For years we ignored it. But there are some leaders who are standing up to it, like President Bolanos of Nicaragua. I think we should do everything we can to support him and people like him, and make clear that there are severe consequences for government officials who engage in this conduct.

Mr. Secretary, despite my disappointment with some of this Administration's policies, I join others here in commending you and your staff, who rarely get the credit they deserve.

Thank you Mr. Chairman.

Senator McCONNELL. Thank you, Senator Leahy. I see that our full committee chairman is here, Senator Stevens. Do you have any comments to make, Mr. Chairman?

Senator STEVENS. I am here to greet my old friend and cousin sitting at the table, and I am pleased to listen to him.

Senator McCONNELL. Let me just inform everybody the vote on the pensions bill is at 2:45. I think what we will do, Mr. Secretary, is go ahead and get started.

I am going to catch the vote right at the beginning, and hopefully we can just plow right on through. So, welcome, and we will look forward to hearing from you.

SUMMARY STATEMENT OF HON. COLIN L. POWELL

Secretary POWELL. Thank you very much, Mr. Chairman, Senator Leahy. Thank you for your welcome and for your opening remarks.

Uncle Ted, it is always a pleasure to see you in attendance, sir.

Senator STEVENS. Good to see you.

Secretary POWELL. Did you get the Flat Stanley picture I sent you, Uncle? Good.

Senator STEVENS. I will tell the committee, he did. He was gracious enough to have his photo taken with my granddaughter's Flat Stanley. If you do not know what a Flat Stanley is, go to his website.

Secretary POWELL. To show you how modern we are trying to be at the State Department, my website has a picture of Senator Stevens and me and Senator Hollings and a Flat Stanley. For those of you who do not know what a Flat Stanley is, if you want to yield any part of your 5 minutes of time, I will be happy to describe what a Flat Stanley is to you.

But it is a wonderful children's story about a little boy who gets run over by a steamroller and becomes Flat Stanley, and who travels all over the world in an envelope. And Senator Stevens, in the spirit of the Flat Stanley doll, took the Flat Stanley to Asia on a recent trip.

I met up with the good Senator in Pakistan and we took a picture of his traveling Stanley, and now children all over the world are going to the State Department website, www.state.gov for anybody watching, to take a look at Senator Stevens's Flat Stanley.

With that serendipitous opening to my presentation, let me seriously thank all the members of the committee for the support you have provided to me and to the State Department over the last 3 years. I feel it is a privilege to be able to come before you to express

my thanks; and also to lay before you what the President has asked for fiscal year 2005, and what the needs of the Department and the wonderful men and women of the Department need to do their jobs for the American people in fiscal year 2005.

I might, before encapsulating my remarks, just say a word about Iraq. Senator McConnell, I did see that poll that you mentioned and they were very interesting numbers. The people of Iraq, what we want for them—they want for themselves. They want democracy. They want peace. They are so glad to be rid of this regime that filled mass graves, that murdered people, that had rape rooms and torture rooms. And they are through with it and it isn't coming back.

Now, there are these remnants that will be dealt with and I can assure you of that. And I will continue, when Senator Leahy comes back, on the specific comments that the Senator was asking me about or questions he was posing to me. But for other members of the committee, let me just get started with my presentation.

The President's fiscal year 2005 International Affairs Budget request for the Department of State, USAID, and other Foreign Affairs agencies totals \$31.5 billion, broken down as follows: Foreign Operations, \$21.3 billion; State Operations, \$8.4 billion; Public Law 480 Food Aid, \$1.2 billion; International Broadcasting, \$569 million; and the United States Institute for Peace, \$22 million.

WINNING THE WAR ON TERRORISM

President Bush's top foreign policy priority is winning the war on terrorism. Winning on the battlefield with our superb military forces is just one part of this strategy. To eradicate terrorism altogether, the United States must help stable governments and nations that once supported terrorism, like Iraq, like Afghanistan; and we must go after terrorist support mechanisms as well as the terrorists themselves. And we must help alleviate conditions in the world that enable terrorists to find and bring in new recruits.

To these ends, the 2005 budget will continue to focus on the reconstruction of Iraq and Afghanistan. We will continue to support our coalition partners to further our counter-terrorism, law enforcement, and intelligence cooperation. And we will continue to expand democracy and help generate prosperity, especially in the Middle East.

Mr. Chairman, 48 percent of the President's Budget for Foreign Affairs supports the war on terrorism. For example, \$1.2 billion supports Afghanistan reconstruction, security, and democracy-building activities. More than \$5.7 billion provides assistance to countries around the world that have joined us in the war on terrorism. Some \$3.5 billion indirectly supports the war on terrorism by strengthening our ability to respond to emergencies and conflict situations. And finally, \$190 million is aimed at expanding democracy in the Greater Middle East, which is crucial if we are to attack successfully the motivation behind people engaging in terrorism.

Mr. Chairman, two of the greatest challenges confronting us today are the reconstruction of Iraq and Afghanistan. Let me begin with Iraq.

Despite the headlines of the last several days, the Coalition Provisional Authorities (CPA) and the Iraqi Governing Council have made great strides in the area of security, in the area of economic stability and growth and democratization. Iraqi security forces now comprise more than half of the total security forces in the country.

In addition, the CPA has established a new Iraqi army; still an army in its infancy but an army that will grow and become strengthened in the years ahead. They have issued a new currency, which is very stable, and refurbished and equipped schools and hospitals throughout the country. And as you know, the CPA is taking steps to help the Iraqis form a fully sovereign government this summer. We will keep to this time table, as the President indicated earlier this week.

But much more work needs to be done. Working with our coalition partners, we will continue to train Iraqi police, border guards, the civil defense corps, and the army in order to ensure the country's security as we effect a timely transition to democratic self-governance and to a stable future.

At the same time, we are helping provide critical infrastructure, including clean water, electricity, reliable telecommunications systems. These are all essential for meeting basic human needs, as well as for economic and democratic development within the country.

As a definitive example of this progress, on March 8, the Iraqi Governing Council formally signed the Transitional Administrative Law, essentially an interim constitution for Iraq, and this was a remarkable milestone. The administrative law recognizes freedom of religion and expression, the right to assemble and to organize political parties, and other fundamentally democratic principles; as well, as at the same time, prohibiting discrimination of any kind based on gender, nationality, or religion.

This is a huge step for the people of Iraq and for the region, a step towards constitutional democracy. It is a step that just a year ago, Iraqis would not have imagined possible; and with the poll results, the results that Senator McConnell mentioned earlier, you can see that they now believe that this is a real possibility for them in the future.

The United Nations Secretary General's Special Advisor, Lakhdar Brahimi, is in Iraq now, having been invited to return by the Interim Governing Council. Working with the CPA, he will help the Iraqis determine what sort of transitional Iraqi Government will be developed and to prepare for elections that will be held at the end of this year or early in the next year.

Creating a democratic government in Iraq will be an enormous challenge; but Ambassador Bremer, working with the Iraqi Governing Council, and with the United Nations and our coalition partners, is committed to success, and when the State Department assumes the lead role this summer in representing and managing U.S. interests in Iraq, we will carry on that commitment.

We are already thoroughly involved. I was in Baghdad 3 weeks ago. I met with Ambassador Bremer, with members of the Iraqi Governing Council, and spoke to some of our troops as well. I know how committed we all are, how committed they all are, and we will succeed.

The recent rise in United States and coalition casualties is disquieting. We are saddened at every death but we will not be dissuaded or driven out. Whether we are confronted by an outlaw and his mobs claiming to themselves the mantle of religion, or by disgruntled members of the former tyrants' regime, or by foreign terrorists, we will deal with them.

In that way, we are resolute. And Mr. Chairman, the coalition is resolute. I believe the vast majority of Iraqis feel the same way; the polls indicate such. They want livelihoods. They want security. They want freedom. They want to strive for their nation's democratic future within the best traditions of tolerance and harmony. And that is why we will win.

Mr. Chairman, I know that many of the members are concerned about the transition from CPA under the Defense Department to a U.S. mission under the State Department. I can tell you that we have made significant progress in planning for this transition and in working on the challenges we will confront.

To make sure we act in accord with your intent, we will be sending a number of members of my staff to the Congress over the coming weeks to brief you and to answer your questions. Before we make our final recommendations to the President, you will be kept fully informed and your advice and counsel will be sought.

AFGHANISTAN

Afghanistan is another high priority for this administration. The United States is committed to helping build a stable and democratic Afghanistan that is free from terror and no longer harbors threats to our security. After we and our coalition partners defeated the Taliban government, we faced the daunting task of helping the Afghan people rebuild their country.

We have demonstrated our commitment to this effort by providing over \$3.7 billion in economic and security assistance for Afghanistan since 2001. Through our assistance and the assistance of the international community, the Government of Afghanistan is successfully navigating the transition that began in October 2001.

Afghanistan adopted a constitution earlier this year and is preparing for democratic national elections this September. With technical assistance from the United States, Afghanistan successfully introduced a new and still stable currency in October 2002, and is working to improve revenue collection in the provinces.

The lives of women and girls are improving as women pursue economic and political opportunities and as girls return to school. Since 2001, the United States has rehabilitated 205 schools and 140 health clinics, and trained 15 battalions of the Afghan National Army, battalions that are out now in action helping to secure the countryside.

Also, President Bush's commitment to de-mine and re-pave the entire stretch of the Kabul/Kandahar highway was fulfilled. The road had not been functional for over 20 years. What was once a 30-hour journey can be accomplished in just 5 or 6 hours.

This fundamentally changes all kinds of dynamics within Afghanistan. People can move around. The country can be brought back together with the simple act of completing this road. In the next building season, we will extend the road out to the west, as

well as to the north, and try to create a ring road in this Central Asian nation that, then, can connect to the other Central Asian nations: to Pakistan, and through Pakistan, ultimately to India, which will put the Silk Road back into operation after so many years of misuse and no use.

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

The 2005 Budget contains \$1.2 billion in assistance for Afghanistan, as I mentioned; and that money will concentrate on education, health, infrastructure, and assistance to the Afghan National Army.

For example, the U.S. assistance efforts will focus on rehabilitation and construction of an additional 275 schools, 150 health clinics, all by June 2004, and complete equipping of the 15 Afghan Army battalions, extend the road to Herat, as I mentioned.

I might also mention that last week I attended a donors conference on Afghanistan that was hosted by our German friends in Berlin. There we raised \$4.5 billion for President Karzai's fiscal year budget, 102 percent of what he sought.

So I feel confident of our ability, working with the international community, to continue making progress in the reconstruction of that country.

Mr. Chairman, the challenges we face in Iraq and Afghanistan are hugely complex, daunting and dangerous, and security and stability are two of our greatest needs. It is hard to rebuild with one hand and fight off attacks with the other. But we are making progress and we will continue until we have reached our objective: two countries that are on their way to good governance, tolerance, and economic recovery.

HIV/AIDS

Mr. Chairman, as important as waging the war on terrorism is to America, there are many other priorities that are contained within this budget that are vital to our foreign policy agenda. Africa, for example, is high on our foreign policy agenda, particularly with respect to the devastating HIV/AIDS pandemic. When people are dying in the millions, particularly people of working age and younger, it is extremely difficult to make economic improvements in your society, in your country. It is President Bush's intent to fight even more aggressively against the pandemic of HIV/AIDS.

Over the past year, we have worked with Congress to pass legislation laying the groundwork for this fight. Marking our progress, last month Ambassador Tobias, Secretary Thompson, USAID Administrator Natsios and I rolled out the strategy for this plan and announced the first dispensation of dollars. Some \$350 million is now being applied to the fight by NGOs and PVOs, private organizations who are working at the grass-roots level.

As a crucial next step, the 2005 budget request expands on the President's plan with \$2.8 billion to combat AIDS in the most afflicted countries in Africa and the Caribbean.

Together, the Department of State, USAID and the Department of Health and Human Services, will use the significantly increased resources quickly and effectively to achieve the President's ambitious goals in the fight against global AIDS.

MILLENNIUM CHALLENGE ACCOUNT

Of course, there are other dimensions of economic success in Africa and around the globe; and they, too, are a part of our foreign policy agenda. For example, an innovative program, that you know full well, is the Millennium Challenge Account (MCA). In February 2003, we sent the Congress a budget request for the MCA and legislation to authorize creation of a corporation to administer these monies.

The corporation designed to support our new and innovative development strategies and to ensure accountability, is now up and running. And as you know, I am the chairman of the board of that corporation. Under Secretary Al Larson is the interim CEO, and Mr. Paul Applegarth has been nominated by the President to be the approved CEO, and we're waiting for congressional action on his nomination now.

Congress appropriated \$1 billion for MCA for 2004. The 2005 budget request of \$2.5 billion makes a significant second year increase to the MCA, and paves the way to reaching the President's commitment of \$5 billion in 2006. With these dollars, we will help those countries committed to helping themselves, commitment demonstrated by the fact that their governments govern justly, invest in their people, and encourage economic freedom.

Mr. Chairman, these are two important accounts: the HIV/AIDS account and the Millennium Challenge Account. We know that we are asking for significant funding in this second year of their existence. But the world is watching to see whether we are serious about HIV/AIDS, whether we are serious about this new way of providing development assistance. And I strongly encourage that you approve the amounts requested for both HIV/AIDS and for the Millennium Challenge Account.

Of course, Mr. Chairman, gentlemen, we can't deal with any of our foreign policy priorities successfully if State operations are not funded appropriately. I know that such operations are not this subcommittee's specific oversight responsibility, but the full Appropriations Committee will have to consider this funding.

DIPLOMATIC READINESS INITIATIVE

So, just to touch on a few things that are of interest to me. First, the Diplomatic Readiness Initiative to hire new foreign and civil service employees. We have had great success in getting wonderful young men and women to apply for the Foreign Service and to come into the Department, and also to apply for the Civil Service and come into the Department. It is the first time in years that we invested in the manpower needs of the Department, and I ask for your continued support for the Diplomatic Readiness Initiative.

We have also had tremendous success with our information technology upgrade, and I am very proud of what we have done to put the internet in every office everywhere in the world that a State Department officer is located in.

I am also very pleased that we have done a great job in using the money given to us for securing our embassies. New embassy construction has been accelerated. We are going to bring 150 embassies and consulates up to standards over the next 14 years for a total cost of \$17 billion.

We owe our employees a safe environment in which to work, and we want to do more than just protect the embassy, but protect some of the other facilities we occupy in the cities in which we are located, to include schools, places of residence and other facilities that we use.

Mr. Chairman and members of the committee, let me stop, at this point. You have my prepared testimony and I am ready for your questions. But before going to those questions, let me just say a word about the strategy that we are pursuing in Iraq, to follow up to Senator Leahy's comments a few moments ago.

NATO

The strategy has a number of dimensions to it. First of all, we do believe that the international community must play a significant and important and vital role in our efforts in Iraq. If you look at NATO, 17 of the 26 nations of NATO are in Iraq, standing alongside of us. They can't make as large a military contribution as we can but they are there within the limits of their capability. That, I think, is a statement of the international community.

When I went to NATO last week for meetings, the NAC, North Atlantic Council, met at the foreign minister level. We talked about what NATO could do in these two places that are of such interest to us: Afghanistan and Iraq. In Afghanistan, NATO has taken over. NATO has shown its willingness to step forward. NATO is going to expand its presence as we get closer to the elections.

NATO is also willing to consider a role for itself in Iraq. Afghanistan is its first priority but they are starting to look at Iraq. And I think that, in due course, we will be able to structure a role for NATO that may add to the number of nations that are there; but more significantly, will give a collective tone, an alliance tone, to what we are doing.

Exactly what that is going to look like, I cannot tell you yet. But not one member of the Alliance, not one of the 25 other members of the Alliance, has said, "No, we will not consider it." Many of them are very enthusiastic about it.

Some who were not with us a year ago—France and Germany, to be direct—are not opposing a NATO role. They are not sure whether they would actually send troops or how they might participate, but they are willing to listen to ideas. Especially after sovereignty transfers on the 1st of July, I think all sorts of new opportunities open up for NATO to participate, as well as, perhaps, other countries and organizations that are not part of NATO.

We are interested, as we move forward toward the 1st of July and we get deeper into the process of setting up an interim government for the Iraqi people, we want the United Nations to play a more vital and important role.

U.N. RESOLUTION

I have had conversations with the Secretary General about designating a senior representative of the Secretary General to perform that role, and we are starting to look at what resolution might be appropriate: a new U.N. resolution that would extend a hand to the new Iraqi government, that would deal with reconstruction activities of the whole international community, that would encourage other nations to get involved, that would structure a role for the United Nations.

We are not resisting the United Nations. The President has said clearly, he has been saying it for quite a while, we want the United Nations to play a "vital role." And we spend a great deal of time with the United Nations. I spoke to Lakhdar Brahimi this morning to see how he was doing in Baghdad, and his conversations with respect to the creation of an interim government.

So, we want the international community to be involved. We are working on it. The President speaks to the American people on a regular basis about what his intentions are with respect to Iraq.

It is a challenging environment right now because of these remnants, these terrorists, these individuals who do not want to see the Iraqi people achieve their dreams. They are not in this 70 percent and 56 percent and 71 percent you talk about, Senator McConnell, but we are doing this for that 70 percent, for that 56 percent and for that 71 percent. They deserve it and we are going to see that they get it. And we are not alone.

PREPARED STATEMENT

We have coalition partners with us who are staying the course, even under the most difficult set of circumstances. And I think that over the next days and weeks, you will see that our superb armed forces will deal with the threats they are facing now. And when these insurgents have been cleared away, and then we can get back on track and continue the work that we have laid out: the creation of an interim government, a U.N. resolution, involvement of NATO and other organizations in transition from a CPA to an American mission.

Mr. Chairman, members of the committee, let me stop at that point and make myself available for your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. COLIN L. POWELL

Mr. Chairman, members of the subcommittee, thank you for the opportunity to testify on the State Department's portion of the President's Budget Request for fiscal year 2005. Let me give you the overall budget picture first and, then, outline our foreign policy priorities. Finally, because the Department cannot carry out its foreign policy function without adequate funding for its own operations, I want to give you a summary of our highest priorities for State operations.

The President's fiscal year 2005 International Affairs Budget for the Department of State, USAID, and other foreign affairs agencies totals \$31.5 billion, broken down as follows:

- Foreign Operations—\$211.3 billion
- State Operations—\$8.4 billion
- Public Law 480 Food Aid—\$1.2 billion
- International Broadcasting—\$569 million
- U.S. Institute of Peace—\$22 million

Mr. Chairman, the President's top foreign policy priority is winning the war on terrorism. Forty-eight percent of the President's budget for foreign affairs directly supports that priority by assisting our allies and strengthening the United States' diplomatic posture. For example: \$1.2 billion supports Afghanistan reconstruction, security and democracy building, and more than \$5.7 billion is provided for assistance to countries around the world that have joined us in the war on terrorism, and \$3.5 billion indirectly supports the war on terrorism by strengthening our ability to respond to emergencies and conflict situations. Moreover, \$190 million is aimed at expanding democracy in the Greater Middle East, in part to help alleviate the conditions that spawn terrorists.

In addition, \$5.3 billion is targeted for the President's bold initiatives to fight HIV/AIDS and create the Millennium Challenge Corporation, both of which will support stability and improve the quality of life for the world's poor—and, again, help to relieve conditions that cause resentment and despair.

Mr. Chairman, let me elaborate on how some of these dollars will be spent.

WINNING THE WAR ON TERRORISM

Winning on the battlefield with our superb military forces is just one step in defeating terrorism. To eradicate terrorism, the United States must help create stable governments in nations that once supported terrorism, go after terrorist support mechanisms as well as the terrorists themselves, and help alleviate conditions in the world that enable terrorists to bring in new recruits. To this end, in fiscal year 2005 the State Department and USAID will continue to focus on the reconstruction of Iraq and Afghanistan, support our coalition partners to further our counterterrorism, law enforcement and intelligence cooperation, and expand democracy and help generate prosperity, especially in the Middle East.

Building a Free and Prosperous Iraq

The United States faces one of its greatest challenges in developing a secure, free and prosperous Iraq. The USG is contributing almost \$21 billion in reconstruction funds and humanitarian assistance to this effort. The World Bank and the International Monetary Fund are expected to provide another \$4 to \$8 billion in loans and grants over the next three years. These resources, coupled with the growing assistance of international donors, will ease the transition from dictatorship to democracy and lay the foundation for a market economy and a political system that respects human rights and represents the voices of all Iraqis.

The Coalition Provisional Authority (CPA) and the Iraqi Governing Council (IGC) have made great strides in the areas of security, economic stability and growth, and democratization. Iraqi security forces now comprise more than half of the total security forces in the country. In addition, the CPA has established a New Iraqi Army, issued a new currency and refurbished and equipped schools and hospitals. And, as you know, the CPA is taking steps to help the Iraqi people form a fully sovereign government this summer.

Much work remains to be done. Working with our coalition partners, we will continue to train Iraqi police, border guards, the Civil Defense Corps and the Army in order to ensure the country's security as we effect a timely transition to democratic self-governance and a stable future.

At the same time, we are helping provide critical infrastructure, including clean water, electricity and reliable telecommunications systems which are essential for meeting basic human needs as well as for economic and democratic development. Thousands of brave Americans, in uniform and in mufti, are in Iraq now working tirelessly to help Iraqis succeed in this historic effort. Alongside their military colleagues, USAID, State Department and the Departments of the Treasury and Commerce are working to implement infrastructure, democracy building, education, health and economic development programs. These efforts are producing real progress in Iraq.

As a definitive example of this progress, on March 8, the IGC formally signed the Transitional Administrative Law (TAL)—essentially an interim constitution for Iraq. This was a remarkable milestone. The TAL recognizes freedom of religion and expression, the right to assemble and to organize political parties, and other fundamentally democratic principles, as well as prohibiting discrimination based on gender, nationality or religion. This is a huge step for the people of Iraq and for the region—a step toward constitutional democracy. It is a step that just a year ago, Iraqis would not have imagined possible.

The U.N. Secretary General's Special Advisor, Lakhdar Brahimi, is in Iraq now to help the Iraqis determine what sort of transitional Iraqi government will be developed and to prepare for elections at the end of this year or early in the next. Creating a democratic government in Iraq will be an enormous challenge—the re-

cent increase in casualties magnifying that challenge. But Ambassador Bremer, working with the Iraq Governing Council and with the United Nations and our coalition partners, is committed to success. And when the CPA, funded and directed by the Department of Defense, goes out of business on June 30 and the State Department assumes the lead role in representing and managing U.S. interests in Iraq, we will carry on that commitment. We are already thoroughly involved. I was just in Baghdad last month meeting with Ambassador Bremer, members of the IGC, and talking to some of our troops. I know how thoroughly involved we are. And we will all succeed.

I also know that many of the members are concerned about the transition from CPA under the Defense Department to a U.S. Mission under the State Department. I can tell you that we have made significant progress in planning for this transition and in working on the challenges we will confront. To make sure we act in accord with your intent, we will be sending a number of people to the Congress over the coming weeks to brief and to answer your questions. Before we make recommendations to the President, you will be kept fully informed and your advice and counsel will be sought.

Mr. Chairman, the recent rise in United States and coalition casualties in Iraq is disquieting and we are saddened at every death. But we will not be dissuaded or driven out. Whether we are confronted by an outlaw and his mobs claiming to themselves the mantle of religion, or by disgruntled members of the former tyrant's regime, or by foreign terrorists, we will deal with them. In that we are resolute. And Mr. Chairman, the coalition is resolute. I believe the vast majority of Iraqis feel the same way. They want livelihoods, security, freedom and the right to strive for their nation's democratic future within the best Iraqi traditions of tolerance and harmony. And that is why we will win.

Winning the Peace in Afghanistan

Mr. Chairman, Afghanistan is another high priority for this Administration. The United States is committed to helping build a stable and democratic Afghanistan that is free from terror and no longer harbors threats to our security. After we and our coalition partners defeated the Taliban government, we faced the daunting task of helping the Afghan people rebuild their country. We have demonstrated our commitment to this effort by providing over \$3.7 billion in economic and security assistance to Afghanistan since 2001.

Through our assistance and the assistance of the international community, the government of Afghanistan is successfully navigating the transition that began in October 2001. Afghanistan adopted a constitution earlier this year and is preparing for democratic national elections in September. With technical assistance from the United States, Afghanistan successfully introduced a new stable currency in October 2002 and is working to improve revenue collection in the provinces. The lives of women and girls are improving as women pursue economic and political opportunities and girls return to school. Since 2001, the United States has rehabilitated 205 schools and 140 health clinics and trained fifteen battalions of the Afghan National Army (ANA). Also, President Bush's commitment to de-mine and repave the entire stretch of the Kabul-Kandahar highway was fulfilled. The road had not been functional for over 20 years. What was once a 30-hour journey can now be accomplished in 5 or 6 hours.

While the Afghanistan of today is very different from the Afghanistan of September 2001, there is still much left to accomplish. In the near-term, the United States will assist the government of Afghanistan in its preparations for elections in September to ensure that they are free and fair. To demonstrate tangible benefits to the Afghan people, we will continue to implement assistance on an accelerated basis. The fiscal year 2005 Budget contains \$1.2 billion in assistance for Afghanistan that will be focused on education, health, infrastructure, and assistance to the ANA, including drawdown authority and Department of Defense "train and equip". For example, U.S. assistance efforts will concentrate on rehabilitation and construction of an additional 275 schools and 150 health clinics by June 2004, and complete equipping of the fifteen army battalions. The United States will also extend the Kabul-Kandahar road to Herat so that people and commerce will be linked East and West across Afghanistan with a ground transportation link between three of the largest cities.

Near the end of last month, when I was in Kabul to meet with President Karzai and his team, I had the chance to visit a voter registration site. I saw how far Afghanistan has progressed, in only two years, along the path to constitutional democracy. I saw also clear evidence of the Afghan people's commitment to continue on that path despite the many challenges ahead. I met 9 or 10 women at the site and they knew what was at stake in their country. They were eager for the free and

fair elections called for in the Bonn Agreement and I assured them that America was solidly behind them. I told them that as long as they are committed to building a new, democratic Afghanistan, we will stand shoulder to shoulder with them.

In that regard, Mr. Chairman, last week I attended the Berlin Afghanistan Conference. There, we raised \$4.5 billion for President Karzai's fiscal year budget—102 percent of what was sought. So I feel confident of our ability to continue making progress in the reconstruction of that country.

Support for Our Coalition Partners

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

Our assistance enables countries cooperating closely with the United States to prevent future attacks, improve counter-terrorism capabilities and tighten border controls. As I indicated earlier, the fiscal year 2005 Budget for International Affairs provides more than \$5.7 billion for assistance to countries around the world that have joined us in the war on terrorism, including Turkey, Jordan, Afghanistan, Pakistan, Indonesia, and the Philippines.

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

- Pakistan has apprehended more than 500 al Qaeda terrorists and members of the Taliban through the leadership of President Musharraf, stronger border security measures and law enforcement cooperation throughout the country. Last month, Mr. Chairman, you no doubt noted the fierce fighting in the border area between Pakistan and Afghanistan and the casualties inflicted on the Pakistanis as they took the fight to the al Qaida and other terrorists in those areas. Pakistan is in this struggle for the long-haul.
- Jordan continues its strong counterterrorism efforts, including arresting two individuals with links to al Qaeda who admitted responsibility for the October 2002 murder of USAID Foreign Service officer Lawrence Foley in Amman.
- The North Atlantic Treaty Organization has endorsed an ambitious transformation agenda designed to enhance its capabilities by increasing deployment speed and agility to address new threats of terrorism.
- Colombia has developed a democratic security strategy as a blueprint for waging a unified, aggressive counterterror-counternarcotics campaign against designated foreign terrorist organizations and other illegal, armed groups.
- The United States and its Southeast Asian allies and friends have made significant advances against the regional terrorist organization Jemaah Islamiyah which was responsible for the Bali attack in 2002 that killed more than 200 people. In early August 2003, an Indonesian court convicted and sentenced to death a key figure in that bombing.

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

While progress has been made attacking terrorist organizations both globally and regionally, much work remains to be done. The fiscal year 2005 President's Budget strengthens our financial commitment to our coalition partners to wage the global war on terror. Highlights of the President's request include \$700 million for Pakistan to help advance security and economic opportunity for Pakistan's citizens, including a multi-year educational support program; \$461 million for Jordan to increase economic opportunities for Jordanian communities and strengthen Jordan's ability to secure its borders; and \$577 million for Colombia to support President Uribe's unified campaign against drugs and terrorism.

In September 2003, at the United Nations, President Bush said: "All governments that support terror are complicit in a war against civilization. No government should ignore the threat of terror, because to look the other way gives terrorists the chance to regroup and recruit and prepare. And all nations that fight terror, as if the lives of their own people depend on it, will earn the favorable judgment of history." We are helping countries to that judgment.

Mr. Chairman, one of the aspects of the War on Terrorism that gives us a particular sense of urgency is proliferation of weapons of mass destruction. These terrible weapons are becoming easier to acquire, build, hide, and transport.

On February 11, President Bush spoke at the National Defense University (NDU) and outlined the Administration's approach to this growing danger. The President described how we have worked for years to uncover one particular nefarious network—that of A.Q. Khan.

Men and women of our own and other intelligence services have done superb and often very dangerous work to disclose these operations to the light of day. Now, we and our friends and allies are working around the clock to get all the details of this network and to shut it down, permanently.

We know that this network fed nuclear technology to Libya, Iran, and North Korea.

At NDU, President Bush proposed seven measures to strengthen the world's efforts to prevent the spread of WMD:

- Expand the Proliferation Security Initiative (PSI) to address more than shipments and transfers; even to take direct action against proliferation networks.
- Call on all nations to strengthen the laws and international controls that govern proliferation, including passing the UNSCR requiring all states to criminalize proliferation, enact strict export controls, and secure sensitive materials.
- Expand our efforts to keep Cold War weapons and other dangerous materials out of the hands of terrorists—efforts such as those accomplished under Nunn-Lugar.
- Close the loophole in the Nuclear Nonproliferation Treaty that allows states such as Iran to produce nuclear material that can be used to build bombs under the cover of civilian nuclear programs.
- Universalize the IAEA Additional Protocol.
- Create a special committee on the IAEA Board of Governors to focus on safeguards and verification.
- And, finally, disallow countries under investigation for violating nuclear non-proliferation treaties from serving on the IAEA Board of Governors.

As the President said at NDU, the nexus of terrorists and WMD is a new and unique threat. It comes not with ships and fighters and tanks and divisions, but clandestinely, in the dark of the night. But the consequences are devastating. No President can afford to ignore such a threat. And President Bush will not ignore it.

Expansion of Democracy in the Middle East

We believe that expanding democracy in the Middle East is critical to eradicating international terrorism. But in many nations of the Middle East, democracy is at best an unwelcome guest and at worst a total stranger. The United States continues to increase its diplomatic and assistance activities in the Middle East to promote democratic voices—focusing particularly on women—in the political process, support increased accountability in government, assist local efforts to strengthen respect for the rule of law, assist independent media, and invest in the next generation of leaders.

As the President emphasized in his speech last November at the National Endowment for Democracy (NED), reform in the Middle East is of vital importance to the future of peace and stability in that region as well as to the national security of the United States. As long as freedom and democracy do not flourish in the Middle East, resentment and despair will continue to grow—and the region will serve as an exporter of violence and terror to free nations. For the United States, promoting democracy and freedom in the Middle East is a difficult, yet essential calling.

There are promising developments upon which to build. The government of Jordan, for example, is committed to accelerating reform. Results include free and fair elections, three women holding Cabinet Minister positions for the first time in Jordan's history, and major investments in education. Positive developments also can be found in Morocco, which held parliamentary elections last year that were acclaimed as free, fair and transparent.

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

To enhance this USG effort with a key NGO, the President has doubled the NED budget to \$80 million specifically to create a Greater Middle East Leadership and Democracy Initiative. NED is a leader in efforts to strengthen democracy and tolerance around the world through its work with civil society. We want that work to flourish.

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

Public Diplomacy in the Middle East

And the advance of freedom is aided decisively by the words of freedom.

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

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

U.S. broadcasting initiatives in the Middle East encourage the development of a free press in the American tradition and provide Middle Eastern viewers and listeners access to a variety of ideas. The United States revamped its Arabic radio broadcasts in 2002 with the introduction of Radio Sawa, which broadcasts to the region 24 hours a day. As a result, audience size for our Arabic broadcasting increased from under 2 percent in 2001 to over 30 percent in 2003. Based on this successful model, the United States introduced Radio Farda to broadcast to Iran around the clock. Building on this success, the fiscal year 2005 President's budget request provides over \$70 million for Arabic and Persian radio and television broadcasts to the Middle East. In February, the United States launched the Middle East Television Network, an Arabic language satellite network that will have the capability of reaching millions of viewers and will provide a means for Middle Easterners to better understand democracy and free market policies, as well as the United States and its people. This network kicked off on February 14 with 9 hours per day of broadcasting. Now the broadcasting is 24/7. The network—Al-Hurra, or "the Free One"—reaches 22 countries, including Iraq. President Bush has already appeared on the network and I did an interview in late February.

OUR NEW APPROACH TO GLOBAL PROSPERITY

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

The Millennium Challenge Account (MCA)

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

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

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

Trade Promotion Authority (TPA)

President Bush recognizes that the fastest, surest way to move from poverty to prosperity is through expanded and freer trade. America and the world benefit from free trade. For this reason, one of his first actions upon taking office in 2001 was to seek TPA, allowing him to negotiate market-opening agreements with other countries. The President aims to continue vigorously to pursue his free trade agenda in order to lift developing countries out of poverty, while creating high-paying job opportunities for America's workers, businesses, farmers and ranchers and benefiting all Americans through lower prices and wider choices. As the President said in April 2001 at the Organization of American States: "Open trade fuels the engines of economic growth that creates new jobs and new income. It applies the power of markets to the needs of the poor. It spurs the process of economic and legal reform. It

helps dismantle protectionist bureaucracies that stifle incentive and invite corruption. And open trade reinforces the habits of liberty that sustain democracy over the long term."

Since receiving TPA in 2002, the President has made good on his promise, completing free trade agreements with Chile and Singapore, which were quickly approved by Congress and went into effect on January 1. We have recently completed negotiations with five Central American countries on the Central America Free Trade Agreement (CAFTA) and our work to bring the Dominican Republic (DR) into that agreement concluded successfully on March 14 with the signing of an FTA with that country. Now, the DR can join CAFTA. In February, we announced the conclusion of an agreement with Australia. More recently, negotiations have been completed with Morocco and an agreement announced, and negotiations are ongoing with the Southern African Customs Union (SACU), Bahrain, and on the Free Trade Agreement of the Americas (FTAA). We are concluding comprehensive agreements that include market access for goods and services, strong intellectual property and investment provisions, and include commitments for strong environmental and labor protections by our partners. These arrangements benefit Americans and our trading partners.

Building on this significant progress, the President intends to launch free trade negotiations with Thailand, Panama, and the Andean countries of Colombia, Ecuador, Bolivia and Peru. The President has also stated his vision for a Middle East Free Trade Area by 2013, to ignite economic growth and expand opportunity in this critical region. Finally, the President is committed to wrapping up successfully the World Trade Organization's Doha agenda. The United States has taken the lead in re-energizing these negotiations following the Cancun Ministerial.

CARING FOR THE WORLD'S MOST VULNERABLE PEOPLE

Emergency Plan for AIDS Relief

When President Bush took office in January 2001, the HIV/AIDS pandemic was at an all time high, with the estimated number of adults and children living with HIV/AIDS globally at 37 million, with 68 percent of those individuals living in sub-Saharan Africa. From fiscal years 1993 to 2001 the total U.S. Government global AIDS budget was about \$1.9 billion. As part of the Emergency Plan for AIDS Relief, the President proposed \$2 billion in fiscal year 2004 as the first installment of a 5-year, \$15 billion initiative, surpassing nine years of funding in a single year. The President's Emergency Plan for AIDS Relief represents the single largest international public health initiative ever attempted to defeat a disease. The President's Plan targets an unprecedented level of assistance to the 14 most afflicted countries in Africa and the Caribbean to wage and win the war against HIV/AIDS. In addition, programs will continue in 75 other countries.

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

Announced during President Bush's State of the Union address on January 28, 2003, the Emergency Plan provides \$15 billion over five years for those countries hardest hit by the pandemic, including \$1 billion for the Global Fund to Fight AIDS, Tuberculosis and Malaria. The fiscal year 2005 Budget provides \$2.8 billion from State, USAID, and the Department of Health and Human Services (HHS) to combat global AIDS, more than tripling funding for international HIV/AIDS since the President took office.

Over the past year, we have worked with the Congress to pass legislation laying the groundwork for this effort and to appoint a senior official at the State Department to coordinate all U.S. Government international HIV/AIDS activities. Ambassador Randall Tobias has been confirmed by Congress and has now taken steps to assure immediate relief to the selected countries.

On February 23, Ambassador Tobias, Secretary Thompson, USAID Administrator Andrew Natsios, and I rolled out the strategy for this plan and announced the first dispensation of dollars—\$350 million in contracts to some of the NGOs and PVOs who will be carrying out the fight at the grass-roots level. It was a thrilling moment, I can assure you.

As a crucial next step, the fiscal year 2005 Budget Request expands on the Emergency Plan. By working together as a highly collaborative team, and placing primary ownership of these efforts in the hands of the countries that we are helping—just as you will recall the Marshall Plan did so successfully in post-WW II Europe—the Department of State, USAID and HHS can use significantly increased resources

quickly and effectively to achieve the President's ambitious goals in the fight against global AIDS.

Mr. Chairman, President Bush summed it up this way in April of last year, "There are only two possible responses to suffering on this scale. We can turn our eyes away in resignation and despair, or we can take decisive, historic action to turn the tide against this disease and give the hope of life to millions who need our help now. The United States of America chooses the path of action and the path of hope." These dollars put us squarely on that path.

Emergency Humanitarian Assistance—Helping Others in Need

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

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

In an Ethiopia enveloped by drought, the Administration led international efforts to prevent widespread famine among 13 million vulnerable people, providing over one million metric tons of emergency food aid (valued at nearly half a billion dollars) to the World Food Program and NGOs, funding immunizations for weakened children, and supplying emergency seeds to farmers.

In Sudan, the Administration worked with the United Nations and the Government of Sudan so that vital assistance could be delivered to the Sudanese people. This year the United States will provide about \$210 million in vital assistance to the people in the south, including approximately 125,000 metric tons (valued at nearly \$115 million) in food aid, as well as non-food assistance, such as sanitation and water. We anticipate that a comprehensive peace agreement in Sudan will allow us to expand significantly our development assistance to help the Sudanese people in effecting a long-awaited recovery following decades of civil war. The fiscal year 2005 Budget includes \$436 million in humanitarian and development, economic, and security assistance funding, much of which will be contingent upon a peace settlement between the government and the south.

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

Mr. Chairman, I know State Operations are not a part of this subcommittee's specific oversight responsibilities, but funding these operations is essential to our being able to carry out America's foreign policy. So let me turn briefly to the State Department operations portion of the President's Budget Request which, as you will recall, totals \$8.4 billion.

KEEPING AMERICANS SAFE AT HOME AND ABROAD

The State Department has the responsibility to protect more than 60,000 U.S. Government employees who work in embassies and consulates abroad. Since the 1998 bombings of two U.S. embassies in East Africa, the State Department has improved physical security overseas; however, as many of you are well aware, many posts are still not secure enough to withstand terrorist attacks and other dangers. To correct this problem, in 1999, the State Department launched a security upgrade and construction program to begin to address requirements in our more than 260 embassies and consulates.

Capital Security Cost Sharing Program

Working with the Congress, President Bush has accelerated the pace of improving and building new secure facilities. Moreover, we have reorganized our Overseas Buildings Operations to manage the effort with speed, efficiency, and effectiveness. Within the budget, we are launching a plan to replace the remaining 150 embassies and consulates that do not meet current security standards over the next 14 years, for a total cost of \$17.5 billion. To fund construction of these new embassy compounds, we will begin the Capital Security Cost Sharing (CSCS) Program in fiscal year 2005. We will implement this program in phases over the next five years.

Each agency with staff overseas will contribute annually towards construction of the new facilities based on the number of positions and the type of space they occupy. We arrived at the cost shares in the fiscal year 2005 President's Budget Request in consultations with each agency and the State Department's Overseas Buildings Operations.

CSCS is also a major component of the President's Management Agenda Initiative on Rightsizing. Along with securing facilities, we have focused on assuring that overseas staffing is deployed where they are most needed to serve U.S. interests. As agencies assess the real cost of maintaining staff overseas, they will adjust their overseas staffing levels. In this way, new embassies will be built to suit appropriate staffing levels. The program is already producing rightsizing results. Agencies are taking steps to eliminate unfilled positions from their books to reduce any unnecessary CSCS charges, which in turn is leading to smaller embassy construction requirements.

Border Security

Prior to September 11, 2001, the State Department's consular officers focused primarily on screening applicants based on whether they intended to work or reside legally in the United States. In deciding who should receive a visa, consular officers relied on State Department information systems as the primary basis for identifying potential terrorists. The State Department gave overseas consular officers the discretion to determine the level of scrutiny that should be applied to visa applications and encouraged the streamlining of procedures.

Today, Consular Affairs at the State Department, working with both Customs and Border Protection and the Bureau of Citizenship and Immigration Services at the Department of Homeland Security, are cooperating to achieve our goals more effectively by sharing information and integrating information systems.

The Department of State has invested substantial time, money, and effort in revamping its visa and passport process as well as its provision of American Citizen Services. The Department has more than doubled its database holdings on individuals who should not be issued visas, increased training for all consular officers, established special programs to vet applications more comprehensively, increased the number of skilled, American staff working in consular sections overseas, and improved data-sharing among agencies. The State Department, along with the Department of Homeland Security, is currently developing biometrics, such as fingerprints, digital photographs or iris scans, for both visas and passports in order to fulfill requirements of the Patriot and Border Security Acts and the International Civil Aviation Organization.

As a part of the State Department's efforts to screen visa applicants more effectively, and in particular to ensure that a suspected terrorist does not receive a visa to enter the United States, we will be an active partner in the Terrorist Screening Center (TSC). The TSC, established in December 2003, will maintain a single, consolidated watchlist of terrorist suspects to be shared with Federal, state, local and private entities in accordance with applicable law. The Department of State will also participate in the Terrorist Threat Integration Center (TTIC), a joint-effort aimed at reducing the potential of intelligence gaps domestically and abroad.

To achieve our goal of secure borders and open doors, in fiscal year 2005 the State Department plans to expand the use of biometrics to improve security in the visa and passport processes; more effectively fill gaps worldwide by hiring people with specific skills including language expertise; improve and maintain all consular systems; and more broadly expand data sharing with all agencies with border control or immigration related responsibilities. The budget in fiscal year 2005 includes \$175 million for biometric projects including photographs and fingerprints to comply with Border Security and Patriot Acts.

The Border Security program underwent a PART analysis in the development of the fiscal year 2004 and fiscal year 2005 budgets and this budget request reflects the results of those analyses. The Department is moving ahead on program management improvements that clearly link to the Department of Homeland Security goals related to visa policy.

The Critical Importance of Diplomatic Readiness

You will recall, Mr. Chairman, members of the subcommittee, that we created the Diplomatic Readiness Initiative (DRI) in 2002 to address staffing and training gaps that had become very adverse to the conduct of America's diplomacy. The goal of DRI was to hire 1,158 new foreign and civil service employees over a three-year period. These new hires, the first over-attrition hires in years, would allow us to provide training opportunities for our people and greatly improve the Department's ability to respond to crises and emerging priorities overseas and at critical domestic

locations. To bring these new people on board—and to select the best men and women possible—we significantly improved Department hiring processes, to include recruiting personnel from more diverse experience and cultural backgrounds and people who could fill critical skill gaps. In the process, we broke records in recruiting and thus had the best and the brightest from which to select. The Department of State will be reaping the benefits from this process for many years to come. We also created new mandatory leadership and management training, enhanced public diplomacy and consular training, and made significant increases in the amount of language training available for new Foreign Service Officers. DRI hiring has supported the Department's efforts in responding to crises since September 11 and provided the additional resources necessary to staff overseas locations that truly represent the front line in the war on terrorism.

Some of these positions, however, are being diverted to support new requirements not envisioned by DRI, such as permanently staffing new embassies in Afghanistan, Iraq, Sudan, and possibly in Libya. Because of this, the fiscal year 2005 Budget Request provides additional resources to continue our DRI commitment.

DRI has allowed the Department to focus on recruiting, training and retaining a high quality work force, sized to requirements that can respond more flexibly to the dynamic and demanding world in which we live. We need to continue it.

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

Mr. Chairman, I have focussed your attention for long enough. There is more in the President's Budget Request for fiscal year 2005; but what I have outlined above represents the top priorities for the State Department. I will be pleased to answer any questions you have about these priorities or about any other portion of the budget request in which you are interested. If I cannot answer the question myself, I have a Department full of great people who can; and I will get you an answer for the record.

Thank you.

Senator McCONNELL. Mr. Secretary, I have one member here who has severe constraints on time. I am going to go out of order and let the Senator from Pennsylvania have one question, because I understand he will not be able to return. Senator Specter.

Senator SPECTER. Well, thank you very much, Mr. Chairman for yielding to me, and thank you, Mr. Secretary, for the outstanding job you have done in providing real balance on our foreign policy. I will be submitting questions for the record on Iraq, Iran, AIDS, terrorism, the Saudi Accountability Act. But in your opening comments, you did not make any reference to the situation in Israel. And I note that there is a request for \$2.6 billion.

ISRAEL FENCE

My question to you relates to the fence and Israel's assertion of its right to make decisions on its own national security as it sees fit. And my question is: What is the administration view on Israel's sole determination of the fence? And are there—is there any thinking about restricting any aid or foreign loan guarantees or any other financial support to Israel by virtue of what Israel is doing with the fence?

Secretary POWELL. Well, as you know, Senator Specter, we do have a policy of discussing with Israel their settlement activities and some restrictions on loans as a result of settlement activities.

With respect to the fence, Israel has a right to build a fence to protect itself if it feels that is what it needs to keep the terrorists from getting into Israel. We have expressed concern to the Israelis over time about the route of the fence and whether it intrudes into

Palestinian territory more deeply than is necessary for the legitimate right of self-defense.

The Israelis have made some adjustments to the fence over time and they have taken the fence down in some places once they have had a chance to take a second look at the impact that the fence has had. But at the moment we do not have any plans to dock them over the route of the fence.

Senator SPECTER. Thank you.

Thank you, Mr. Chairman.

Senator McCONNELL. Mr. Secretary, one of our colleagues just recently compared Iraq to Vietnam. You served in Vietnam. Are there any similarities?

Secretary POWELL. Not in my judgment, Senator. And I do not think these kinds of comparisons are terribly helpful. Vietnam was another part of the world, another time in history; and we ought to see the situation for what it is today and not try to find comparisons that can then be painted in a negative light.

I think this is quite different. I think that we have an Army over there that knows what it is doing. We have a people that want to be free and in a democratic society. We do not have huge state sponsors outside of Iraq flooding the place with weaponry and manpower of any kind. And I think it is not a swamp that is going to devour us.

It is a problem that is solvable and manageable and we need to stay the course and not contaminate the good work we are doing by comparisons to Vietnam.

Senator McCONNELL. What kind of entity will we be handing authority to on July 1?

Secretary POWELL. It has not been determined yet. As you know, we have a governing council now. One model says leave it as it is. Another model says expand it to give it broader representation.

There are other ideas that say, maybe you should try to have some sort of mini-Loya/Jirga-like process such as Afghanistan but on a smaller scale, although there is not quite a tradition of that in Iraq. Or a Shira, some sort of meeting where people would elect their representatives.

So Ambassador Brahimi is looking at all of these, along with Ambassador Bremer and his staff and my staff; but no decisions have been made yet as to which one of these models will be settled upon.

I think the model that is getting the most attention right now and seems the most practical one in terms of the time available to us would be some form of expanded governing council; but that is just sort of the lead horse at the moment. No decisions have been made.

Senator McCONNELL. Until recently, the Shi'a were relatively comfortable with the transition process and were relatively content with their fair shot at winning elections during the formation of a new government, while the violence was largely a Sunni phenomenon. What do you make of the Sadr uprising, his militia, and what it may say if anything about the broader Shi'a population, and their views about which way we ought to go from here?

Secretary POWELL. I think the administrative law that was approved last month recognized the fact that the Shi'a are the majority in the country; 60 percent of the people are Shi'a. And so in a

democratic system where a representative government is what we are talking about, they will have the greatest representation in the assembly, and that will pass through to the executive institutions as well.

The important point, though, was that the administrative law also protected the rights of those who are not in the majority, the Sunnis, the Kurds, and the other groups within the country. And so we think we have found a good representative balance.

Now, there are still questions about this and not all parties are satisfied with it but that is why we are going to go forward and write a constitution. And changes could be made as you go forward toward the constitution.

I think this satisfied most Shi'a. All Shi'a members of the Governing Council went along with it. The Ayatollah Sistani—who is seen in the Shi'a population as the leading ayatollah, and has great weight when he speaks—has some reservations about it but he did not firmly object to the TAL. The Shi'a in the governing council went and saw him and said, "Look, this is pretty good. Let us move in this direction." And he understood that. He has reservations and those reservations will have to be dealt with as we go forward.

The fellow who is causing the trouble now, al-Sadr, is a young radical who is not considered a leading figure in the Shi'a community. But he does have the loyalty of the Mahdi militia, and he is stirring up a great deal of trouble. He has been indicted for the worst kinds of crimes and he has to be brought to justice eventually.

Senator McCONNELL. Do you think he is getting any support from outside the country—from Iran, for example?

Secretary POWELL. There may be some support coming in the country. I cannot say it is not the case but I do not sense that he is enjoying great support from other Shi'a groups, other than his own within the country; or for that matter, from outside the country.

I think he is a finite definable problem. And what we want to do is deal with this in the very near future so that he does not start to take on more of an aura and more of an influence than is deserving of his state and position in the Shi'a community.

Senator McCONNELL. Final question and then I will turn to Senator Leahy. So, your view is that his following is small and stable, and not small and growing?

Secretary POWELL. It is small and stable. We do not want to see it grow. And that is why our military forces now are engaging the Mahdi militia.

Senator McCONNELL. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman. And Secretary Powell, thank you for the comments you made regarding what I said in my opening statement. And you and your staff will have a copy of my whole statement. I go into a number of things, Liberia, the Charles Taylor situation in Sierra Leone, Colombia, Indonesia, and others.

I ask that you take a look at it because, if anything, it is a road map of what I intend to focus on in this subcommittee this year.

I appreciate the other troops besides ours involved in the reconstruction of Iraq. The British led the way with, I believe, 11,000 troops. We have got about 130,000.

The other 32 nations provide less than 10 percent of the troops. They provide less than 1,000 soldiers each, including 11 of our NATO allies. We have police departments that are a lot larger than what they have put in there. And the Spanish, of course, are planning to withdraw.

Mr. Brahimi is only a special adviser. He is not a U.N. administrator with all those powers.

The British have given \$1 billion for reconstruction aid. Ours is over \$20 billion.

So, we have others in there but we are carrying by far the lion's share.

George Will suggested in a column—and it probably will shock him to know I quoted his column—but he said in *The Washington Post* yesterday:

The transfer of power in Iraq is to an institutional apparatus that is still unformed. This is approaching at a moment when U.S. forces in Iraq, never adequate for post-war responsibilities are fewer than they were.

U.S. forces are insufficient for that mission; unless the civil war is quickly contained, no practicable U.S. deployment will suffice. U.S. forces worldwide cannot continue to cope with Iraq as it is, plus their other duties—peacekeeping, deterrence, training—without stresses that will manifest themselves in severe retention problems in the reserves and regular forces.

You have a military background. Do you disagree with him? Do we have enough troops there if civil war spreads. Do we have enough to contain it?

Secretary POWELL. The commanders believe that there are enough forces but, because of the recent spike in activity, Secretary Rumsfeld and General Abizaid are—I think the way to put it—delaying the transfer out of those who were scheduled to leave in the very near future in order to keep an increased density of troops.

Senator LEAHY. And continue to transfer in so that you—

Secretary POWELL. Yes.

Senator LEAHY [continuing]. Raise the overall number.

Secretary POWELL. The overall number goes up, rather than goes down for some period of time. I do not know how long that will be. It is up to Don Rumsfeld and John Abizaid.

What is interesting is that, although I do not have the total access to these numbers as I used to have on a daily basis, the re-enlistment rates among those units that have been there remain high.

Senator LEAHY. Well—

Secretary POWELL [continuing]. The troops know that they are doing something that is important and, even with the knowledge that they may have to go back, they are re-enlisting.

Senator LEAHY. I have gone out to visit our—some of our wounded out at Walter Reed, and I am talking to a man who has lost his leg. He has got a new, very high-tech prosthetic. He is showing it to me.

So I say: "What are you going to—now what do you—plan to do once you get out of here?" And he looked at me—

Secretary POWELL. Go back to his unit.

Senator LEAHY [continuing]. Said, "I want to go back. I want to go back to the Army."

It was very moving. My wife, as you know, is a nurse. She has talked with a number of very severely wounded—the same thing. And you have to admire their courage.

Secretary POWELL. Well, if I may, Senator Leahy, when I was over there a couple of weeks ago, I spoke to a large group of troops in one of the rooms. There must have been 500 or 600 in the room. And after saying a few words to them, and thanking them, and telling them how proud we all were of them, I was walking through the crowd, shaking hands, and taking pictures—and you are familiar with the scene.

As soon as I got in the crowd, some young GI stuck his hand out and grabbed my hand. He did not want a picture. He did not want a signature. He just said, "Tell the President to stay the course."

Senator LEAHY. Yes.

Secretary POWELL. And these are the young men who are over there, not getting showers every day, and living in the mud, and living in the dirt, and living in the sand.

Senator LEAHY. You have been there.

Secretary POWELL. I have been there; I know what it is like. And they know what they are doing is important. That is why they are telling all of us, "Stay the course."

Senator LEAHY. None of us have a crystal ball; and if we did, maybe this whole thing might have been handled differently, maybe Afghanistan might have been handled differently, maybe post- or pre-September 11 might have been.

But let us talk about after June 30. We now have a new Iraqi Government. Suppose they take a position that we strongly disagree with, suppose they want an Iranian-style theocracy instead of a democracy; a theocracy that will not respect minority rights, whether it is women or other minority religions. Do we have veto power to block it?

What if they say to the American soldiers, "Out, right now, today," or within the few days it might take to leave? Can we refuse to leave?

Secretary POWELL. Sovereignty means sovereignty. But before they get sovereignty handed over to them or at the time that sovereignty is handed over to them, we will have made arrangements with respect to what our troops are doing there and for what purpose. And the least of my worries is that they are going to tell us prematurely to leave.

Senator LEAHY. Why?

Secretary POWELL. Because they are going to need us for security for some time to come. This is still a work very much in progress. This will be a new government that is still getting its sea legs, that is still developing institutions of democracy, that has not yet finished a constitution, and has not yet held an election to give it full legitimacy. And it will be challenged.

It will be challenged by the kinds of forces that you see challenging us today. And for that reason, I am quite confident that we will not have a dispute with the Interim Government over us keeping our troops in their country. They will need that kind of protection.

Even though sovereignty will be returned to them, the troops will remain under our control. And we believe we can have an understanding with the Interim Government based on what we have discussed with the Governing Counsel, now that Iraqi troops will also be under our command. That is our preference in order for there to be unity of command.

If the Interim Government starts to move in a way that is totally inconsistent with democracy, or starts to create a theocracy, or take away the rights from people, then we have a very brand-new and difficult situation. But we do have some considerable influence over such a thing by the money that we are providing for the reconstruction of the country, by the political relationship we will have with them, by the international organizations that we hope will be there with us, and hopefully perhaps by the U.N. resolution that will help establish their interim legitimacy until they go to elections.

But they will be sovereign. I think as a result of agreements and a result of, hopefully, resolutions that are passed, there will be some constraints on the power of this sovereign government.

Senator LEAHY. I will submit my other questions for the record.

Senator McCONNELL. Thank you, Senator Leahy. Chairman Stevens.

Senator STEVENS. Thank you very much. I just have a couple of questions, Mr. Secretary.

WEAPONS DUMPS

When we were in Iraq, I received estimates of the number of weapons dumps. Now, these are a mass of weapons of destruction, not the weapons of mass destruction, but the estimate I received was from 1,000 to 7,000 of these dumps full of artillery shells, hand-held weapons, and shoulder-held weapons. We have asked the Congressional Research Service and other agencies to try and determine when they were paid for. It is my understanding that debt that was incurred after the agreement was signed at the end of the gulf war, after the sanctions went into effect is invalid. Now, I do not know whether you can affirm that but that is my understanding.

We fear that some of these nations are claiming that the bills that are owed are legitimate debts but they were for weapons that came to Iraq after Saddam Hussein agreed not to purchase any additional weapons.

Do you think you can ask the Department of State to find out if they—know anything about the origin of those weapons, these mass deposits of weapons, and their relationship to the debt that these people claim?

I understand Saudi Arabia claims \$30 billion; Russia, \$6.9 billion; France, \$5.9 billion; Germany, \$4.8 billion, and it goes on up to \$125 billion—\$125 billion in total debt. I am hoping we can get someone—maybe you could do it—to ask the United Nations to step in and help the world destroy these enormous deposits of weapons.

They are out on the ground, no fences around them, and very few of them are guarded. I talked to some of the people involved in

non-government security, the people that were involved in Fallujah.

I asked: "Have you ever taken weapons from these dumps," they said: "Well, that would be illegal."

I said: "Well, you mean, illegal for us but not illegal for Iraqis?"

He said: "Well, we borrow a few now and then."

Now, they are just dumps that anyone with a truck can go by and pick up artillery shells, all sorts of equipment. I think someone has to take responsibility for destroying them.

Right now, the military does not have enough people to guard them. One of them was 5 miles square and piled up about 10 feet high of weapons.

These weapons dumps are just totally being ignored. I had to apologize to Senator Diane Feinstein when she raised it last year. I did not know the scope and extent of it, and she wanted us to add some money to the defense appropriations bill. We added a little money but we do not have enough money to deal with this issue and keep our troops in Iraq, too.

So, I urge you to help us find some way to determine who brought weaponry to Iraq and if they are claiming that they have a debt that is owed by the new Iraq, whether weapons were brought in illegally after 1991. In any event, please think about who can help us get rid of them. That is my message to you, my friend.

I do not think I have ever seen a more difficult problem in a battlefield in my life. And I have seen a lot of them, as you have. I cannot believe that we can live with the fact that anyone can go pick up weapons.

If they are going to be available on a no-cash and come-carry basis, there is no way we can deal with this. I do not think we should expose our people to that kind of weaponry, totally unguarded and totally available to anyone who wants to use it in an unconventional way.

Secretary POWELL. Thank you, Senator. The whole country was—is an ammo dump.

Senator STEVENS. Yes.

Secretary POWELL. There are facilities all over the place. Some were destroyed during both the gulf war and the current war. Others were destroyed after the war, but it was still a huge problem, because of the number of facilities.

I know that Secretary Rumsfeld is working with Ambassador Bremer and our military commanders over there to try to get some kind of control over these facilities, so we do not have the kind of the problem you describe.

With respect to debt, I am going to ask my lawyers to give you an answer for the record, because I do not want to guess at it as to if a country sold weapons to Iraq that were sold in violation of U.N. resolutions, why should there be a legitimate debt against the Iraqi people for such sales? But I need to give you a formal answer for the record on that.

[The information follows:]

UNITED STATES DEPARTMENT OF STATE,
Washington, DC, April 29, 2004.

Hon. TED STEVENS,
Chairman, Committee on Appropriations, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to the question that you raised during Secretary Powell's testimony on April 8, 2004 concerning the Administration's fiscal year 2005 budget request. Specifically, you inquired whether, in light of the mass deposits of weapons found in Iraq, any of the debt claims that are being made against Iraq by various creditor countries derived from weapons sales that violated the Iraqi arms embargo instituted under United Nations Security Council Resolution 661 and subsequent related resolutions.

The vast majority of these bilateral official claims against Iraq appear to pre-date the Iraq sanction regime and therefore could not derive from sales of weapons in violation of that sanction regime. Of the small amount of official claims that post-date the sanctions regime, we are not aware of any such claims that derive from illegal arms sales. Although Iraqi authorities, working with the CPA and with the IMF and Paris Club, have made great progress in identifying the amounts of debt outstanding, much of the Iraqi documentation is missing. The Iraqi authorities will have to ask Iraq's creditors for documentation to substantiate their claims. Until this process is completed, we will not be able to completely rule out the possibility that some claims derive from illegal military sales. Given the knowledge that we have so far, however, we have no reason to believe that the debt claims derive from sales of weapons in violation of U.N. sanctions.

Prior to the institution of the Iraqi sanctions regime in late 1990, Iraq had accumulated a very large external debt as a result, *inter alia*, of the costs of the Iran-Iraq war. While we believe that a significant portion of that debt derived from arms sales, such sales were not in violation of any U.N.-sanctioned embargo at the time. It is possible that a significant portion of the mass deposits of weapons recently found in Iraq derived from such pre-sanctions sales.

We hope that this information is helpful to you and the other members of the Senate Appropriations Committee. Please do not hesitate to contact us if we can be of further assistance.

Sincerely,

PAUL V. KELLY,
Assistant Secretary, Legislative Affairs.

Senator STEVENS. That is totally logical but, very clearly, if they sent it in as canned Spam and they are weapons, that is the problem.

Secretary POWELL. Yes, sir.

Senator STEVENS. I hope we can find some way to identify it. I asked the Iraqis, and they said all those records were destroyed in the war.

Secretary POWELL. It may be hard to get all the answers, Senator.

Senator STEVENS. I do think, though, that the United Nations ought to be involved. If they want to come in and do something that is not violent and not too exposed to danger, that is one job they can take on. They are out west, they are north, they are south, and they are east. There are 1,000 to 7,000 dumps. Something has to be done at least to put them under some type of security until we can figure out what to do with them—until the Iraqis figure out what to do.

Lastly, I do not think there ought to be an Iraqi Army. I think there ought to be a self-defense force, and that we ought to limit the number of weapons of this type they have access to. But today they have open access to weapons that are just horrendous in terms of their capability. Thank you, my friend.

Secretary POWELL. Thank you, Senator.

Senator MCCONNELL. Thank you, Senator Stevens. The order remaining is Senator Harkin, Senator Bennett, Senator DeWine, Senator Landrieu, and Senator Byrd.

Senator Harkin.

Senator HARKIN. Thank you very much, Mr. Chairman. Mr. Secretary, you may recall that at last year's hearing, I asked you what the Department of State was doing to ensure that the needs of people with disabilities were being addressed in our foreign assistance programs in Iraq, Afghanistan, and other countries. Now, this came about because it had been reported back to me that many of our dollars that were used for reconstruction in Bosnia, for example, and places like that, that the schools were rebuilt and things were inaccessible, just totally inaccessible. And I thought, "Wait a minute. We are using U.S. dollars to do that, and we are not providing any accessibility."

PEOPLE WITH DISABILITIES

So then, I began to look at it more and found that we really did not have much of a focus in our policies regarding people with disabilities. So since we last met, Congress has passed the following legislation. One, we required the coalition provisional authority to promote the inclusion of people with disabilities. Second, we instructed USAID to develop access standards. And third, we included disability-related criteria for the Millennium Challenge Account. Those three things have been passed by Congress.

I need not tell you, Mr. Secretary, the United States is, I think, is in a unique position to lead the world in demonstrating the tremendous potential of people with disabilities when those barriers are removed. Last week, I met with Under Secretary Paula Dobriansky and Assistant Secretary Lorne Craner to discuss these international disability initiatives.

I am pleased to learn the Department of State will be improving documentation of disability rights in the human rights reports. So, that is one good step.

However, I have proposed the formation of an inter-agency panel or task force, within the Department of State, to raise awareness and coordinate the government's international disability programs. I have stressed the need for a permanent staff to focus on disability issues. Because if you do not have some inter-agency task force, it just doesn't happen, as I found in the last year. You expressed an interest in it a year ago. You said you were very sensitive to the issue; I believe you are. But you have got a lot on your plate. And you have got a lot of things to think about. And this falls by the wayside.

So, can you just tell me now what are we going to do? Is there any hope that we can have some kind of a panel or something like that at the State Department?

Secretary POWELL. I think there is. Whether it needs a permanent secretariat or not, or an inter-agency secretariat of some kind on a permanent basis and how large it should be, I would have to sit and discuss this with Under Secretary Dobriansky and others.

But we are sensitive to it, especially with respect to the new Millennium Challenge Account and the Millennium Challenge Corporation. And I think you have had discussions with Under Sec-

etary Dobriansky about how we can approach that problem. So, we are sensitive to it.

I have not discussed the idea of a permanent panel with a secretariat, with Under Secretary Dobriansky.

Senator HARKIN. Well, again, I thank you for your sensitivity to it; but you were sensitive to it last year, too. And I mean it, I am not just saying that, I know you are. But there has to be someone in your operation to whom people go when these issues come up, whose task it is to ensure that disability rights, the things that we have passed in the last year, are actually carried out. If there is no one there to do that, it just gets muddled and no one ever takes care of it.

So I do not know the phrases "secretariat" and such. I do not understand that phrase but these—

Secretary POWELL. No. Your suggestion being we ought to have a permanent staff of some kind?

Senator HARKIN. Somebody.

Secretary POWELL. That is what I am talking about.

Senator HARKIN. Some permanent staff some place whose focus—I mean, you have it on a number of different other areas.

Secretary POWELL. Yes.

Senator HARKIN. Women's issues, other issues like that, you have permanent people that someone knows there is an officer, someone to go to for guidance, direction, consultation, that type of thing when you are dealing with disability rights issues. So, I hope that you can take a look at that again.

Secretary POWELL. Thank you, Senator. I will.

[The information follows:]

UNITED STATES DEPARTMENT OF STATE,
Washington, DC, March 1, 2004.

Hon. TOM HARKIN,
U.S. Senate.

DEAR SENATOR HARKIN: This is in response to your January 21 letter to Secretary Powell urging that our foreign policy promote "the rights and inclusion of people with disabilities." Thank you for your thoughtful letter. We are aware of your leadership in this area and appreciate your strong commitment to the disability community.

We have attached for your review the annual *Country Reports on Human Rights Practices*, which was released on February 25th. In Section 5 of each country chapter, we report on the constitutional (legal) prohibitions on discrimination based on disability, and whether the government of each country effectively enforces those prohibitions. In countries where we find societal violence, we report on efforts by non-governmental entities to incite violence based on these issues, as well as to identify any laws, administrative regulations, or government practices that are inconsistent with equal access to housing, jobs, education and/or health care. We note any mechanisms available for redress of discrimination and whether such mechanisms are effective, and report any discrimination against disabled persons in employment, education or the provision of other state services. We report whether the law mandates building access and whether the government effectively enforced the law. We also report abuses in governmental mental health facilities, including inhuman and degrading treatment, arbitrary commitment, abuse of physical restraints, unhygienic living conditions, inadequate medical care, lack of safeguards against dangerous treatment and lack of protection against sexual or other violence.

Our embassies gather information throughout the year from a variety of sources across the political spectrum, including government officials, jurists, armed forces sources, journalists, human rights monitors, academics, and labor activists. This information gathering can be hazardous, and our officers regularly go to great lengths, under trying and sometimes dangerous conditions, to investigate reports of human rights abuses and come to the aid of individuals at risk. Disability organizations around the globe are also welcome to provide information through this process.

In addition, the Democracy, Human Rights and Labor Bureau (DRL) has been pleased to meet—on more than one occasion—with U.S. disabilities NGOs, including those referred by your staff. In September, DRL provided disability NGOs with a database that includes the names and addresses of 805 disability organizations we have identified in 172 different countries.

More recently, the DRL Senior Coordinator for Democracy and Human Rights Promotion met with NGO representatives referred by your office to discuss grant possibilities under DRL's Human Rights and Democracy Fund (HRDF). These individuals were briefed on the types of proposals DRL funds, and were invited to submit an unsolicited proposal. HRDF funds are used to promote innovative programming that upholds democratic principles, supports democratic institutions, promotes human rights and builds civil society in countries of strategic importance. HRDF finds unique, timely, cutting-edge projects that do not duplicate other efforts, as opposed to simply contributing to larger projects. Also, HRDF is used to fund pilot projects, or “seed funds” that will have an immediate impact but that have potential for continued funding beyond HRDF resources.

The Department of State, including the Bureau of Political-Military Affairs, works closely with the U.S. Agency for International Development (USAID) and other agencies, on humanitarian demining programs to clear landmines and promote mine risk education in some 30 countries. Landmines and other explosive remnants of war have created thousands of maimed and disabled people around the world. Through our partnership program we support NGOs that treat landmine victims and operate prosthetic clinics. Many of them also serve as advocates for disabled persons in their communities. In partnership with Warner Bros. animation we produced public service announcements (PSAs) for Cambodia that warn children about the dangers of landmines. These PSAs also carry a message of respect for and acceptance of people with disabilities.

USAID has been working since 1989 to assist people with disabilities in their development efforts. We are enclosing a copy of their “Third Report on the Implementation of the USAID’s Disability Policy.”

On behalf of USAID, The Department of State Bureau of Population, Refugees and Migration (PRM) has awarded grant agreements to NGOs for distributing wheelchairs to persons of need throughout the world, regardless of race, religion, or political affiliation.

The Office of the U.S. Global AIDS Coordinator has responsibility for all HIV/AIDS programs of the United States government overseas, including in 14 focus countries where we will provide extensive new resources for prevention, treatment and care. U.S. programs will offer a high degree of flexibility in order to provide the most appropriate methods of prevention, treatment, and care for groups and individuals, including those with disabilities.

The Department of State is taking effective action in a variety of areas. As we mentioned during the February 26th meeting with your staff, we do not believe that the establishment of a new special coordinator position is warranted at this time.

Thank you for your letter and please feel free to let us know if you have additional suggestions. We look forward to working with you on this issue of great importance.

Sincerely,

PAUL V. KELLY,
Assistant Secretary, Legislative Affairs.

NOTE.—“Third Report on the Implementation of the USAID’s Disability Policy.” The full text of the Annual Human Rights Report can be found at http://www.usaid.gov/about/disability/third_report.pdf

Senator HARKIN. I appreciate that.
Secretary POWELL. Thank you.

HAITI

Senator HARKIN. One last thing, Mr. Secretary, I—maybe if I get some more time on the second round, you and I have spoken a number of times about the situation in Haiti. And I thank you for your speaking with me during that very tense period of time; and you were very kind and generous with your time with me and I appreciate that.

I know you were there on Monday. I'd like to note that you didn't mention the crisis in Haiti in either your opening or written statements. I just wanted to point out the crisis in Haiti didn't just happen overnight. Since 2001, the OAS has worked to resolve the political situation in Haiti. Your office has been working with them since 2001.

A year ago, the United Nations warned the international community of a looming political and humanitarian crisis in Haiti. Despite this and other forewarnings, the administration was left scrambling to respond in February when armed thugs took to the streets in Haiti.

As late as February 13, Mr. Secretary, at a press briefing with other foreign ministers, you stated: "We will accept no outcome that in any way illegally attempts to remove the elected president of Haiti. At the same time, we believe both sides need to come together and find a political solution, a peaceful political solution, using the CARICOM proposal." That is February 13.

When asked at that briefing how you hoped to convince the Haitian opposition to accept the CARICOM plan, which President Aristide accepted immediately, you said—and again I quote—"We think that the CARICOM plan has opportunities for both sides. President Aristide was elected by the Haitian people and his departure from the scene as president can only be by democratic constitutional means." I am quoting you.

"And it would not be appropriate. It would be inconsistent with a plan to attempt to force him from his office against his will. And that is what you have heard us clearly say today is unacceptable outcome." Your quote, February 13.

On February 19, you told Sam Donaldson, "What we have to do now is stand with President Aristide—he is the elected President of Haiti—and do what we can to help him."

Asked about President Aristide's stepping down, you said, "That is not an element of the plan because, under the constitution, he is the President for some time to come." Your quotes.

Well, 7 days later, February 27, you begin to indicate that one democratic element, President Aristide, should leave. In a CNN interview, you said that President Aristide should do what he thinks is best for his country. But when asked whether he could survive politically, you stated, "There is such strong resistance now to his presidency that I am not quite sure if we are going to be able to find a way forward."

Mr. Secretary, President Aristide did what we asked him to do, maybe not as quickly as we would have liked; but on January 31, he accepted the U.S.-supported CARICOM plan.

But it gets worse. Not only did we withdraw support from this elected president, but on February 28, the White House began blaming President Aristide for "this long simmering crisis."

I am quoting a statement from the White House. "His failure to adhere to democratic principles has contributed to the deep polarization and violent unrest that we are witnessing in Haiti today. His own actions have called into question his fitness to govern—continue to govern Haiti."

Then finally on February 29, President Bush stated, "This is the beginning of a new chapter in the country's history."

What happened, Mr. Secretary? In 7 days, what happened?

Secretary POWELL. We could not keep it going, Senator. We could not get the sides to agree to the CARICOM plan. We could not keep the process moving forward that would have given us the solution as laid out exactly in the CARICOM plan.

The situation was deteriorating rapidly. And to a considerable extent, President Aristide's shortcomings and actions over a long period of time contributed significantly to our ability to find a political solution.

We did not ignore it. We worked with the OAS. We sent people down to talk. We worked with the OAS, sending a distinguished American ambassador down last fall to try to find a solution. The solution kept eluding us.

Then the Haitian legislature was allowed to expire because President Aristide wasn't able to bring himself to create circumstances which would resolve the political impasse that existed.

We finally found that on the last weekend in February, we had a catastrophe on our hands about to happen. When forces were lining up, illegal forces supported by President Aristide, the Shamirs, who were arming themselves all over Port-au-Prince. Both the north and south portions of the country had fallen, and President Aristide was worried about his personal security, and it was becoming—

Senator McCONNELL. Let me just say, Senator Harkin, that you are over the 5 minute time limit. Can we bring this to a conclusion?

Secretary POWELL. We were not prepared, nor were any of our colleagues, France, Canada, or anyone else prepared to send in armed forces to be on the side of President Aristide, essentially to keep him in power. And they would have been there for a very long period of time. We had made that clear throughout the period.

So, his situation became untenable. A solution appeared on that Saturday evening, when he decided that his own security was at risk, and he asked if we could help him out of the country.

Senator HARKIN. I was on the phone with him that day.

I was on the phone with you that day, too.

Secretary POWELL. I remember very vividly, Senator.

Senator HARKIN. I remember it vividly, too.

Secretary POWELL. Well, what I am saying, Senator, is at 9 o'clock that night, Saturday night, I was minding my own business, not knowing how this thing was going to play out, except hundreds of people were about to be caught up in a maelstrom.

After I spoke to you, I think, late afternoon—

Senator HARKIN. Right.

Secretary POWELL [continuing]. It was about 9 o'clock that night when I got a call from my ambassador, Ambassador Foley, who said his security people have told him that it is no longer sustainable and he wants to talk to me. And he wants to talk to me and he wants to talk to me about where he is going to go and who might come with him. Should I talk to him?

I said, "See what it is he is asking for."

What he asked for was an opportunity to leave the country and he was going to resign. And over the next several hours, that was arranged.

When I spoke to you, Senator, that was the furthest thing from my mind. I did not know I was going to get that call at 9 o'clock that night. And we did not put a gun to his head. We did not kidnap him, or put chains around him, or do anything else.

Senator HARKIN. I believe that. I believe—you are absolutely right on that.

Secretary POWELL. Yes. Let me also say that I went to Haiti this past Monday, met the new Prime Minister, interim, and he made some statements on Monday. One, a new corruption czar; two, a truth and reconciliation commission; three, elections in 2005; and nobody in the current government will run in those elections in 2005. And he made some other promises with respect to economic development and the development of the Haitian national police.

This is a country in deep trouble. The one thing I will never regret, Senator, is that no killing took place and Port-au-Prince is stable now, and we are slowly creating stability in other parts of the country, and we are working with the United Nations to bring in a peacekeeping force.

I have no ill will toward President Aristide. I am the one, along with Senator Nunn and President Carter, who got him back in 1994.

Senator McCONNELL. We are going to have to move along or other Senators are going to miss their opportunity to ask questions.

Senator Bennett.

Senator BENNETT. Thank you very much, Mr. Chairman. It is fascinating to sit here and listen to all this go back and forth. And I would like to comment on all of it but I do not have time.

I do remember Senator Nunn reporting your role in helping remove Mr. Cedras and replacing him with Aristide. My own reaction to that was that we were in the process of replacing a brutal dictator much beloved of American conservatives, with a brutal dictator much beloved of American liberals. And I think that is kind of where we ultimately came out.

Mr. Secretary, this will be the last time you formally appear before this subcommittee. And at the mercy of the voters, it may be the last time I am here.

So, let me take the opportunity to, first, hope that there is a, from our point of view, successful outcome in the election, and we both may be here another year. But if that is not the case, let me take the opportunity to thank you for your service, not only as Secretary of State but a lifetime of service to your country. It should be duly noted for the record, even though we take it for granted.

I have written you about a number of issues that are important to me, tuberculosis, AIDS, malaria, microloans.

I am very pleased that your opening statement talks about all of these issues with the exception of microloans. I do not take that exception as an indication of lack of interest. But I feel these kinds of things that do not get the headlines with the State Department, nonetheless, are very important over time.

I appreciate your willingness to be as supportive of them as you have been, and assure you once again of my interest in it, particularly the microloan effort, which I know some of the bureaucrats at State do not like, because they do not control the money. But

I have seen the results of that as I have moved around the world, and it is very dramatic, and very important.

Let me get to the issue that has dominated here when we talked about Iraq. First following up on the comment of our chairman that this is not Vietnam, go back to your experience that you told us as you walked through the GIs and the troops saying to you, "Tell the President to stay the course."

My military service was after Korea and before Vietnam, so I never saw a shot fired in combat. But my memory is that there was very little of that feeling in Vietnam, that the GIs were not telling their leadership in Vietnam, "We are glad we are here. We feel we have done a good job and this is what we ought to stay doing." Is that one of the—would that be one of the differences between this and Vietnam?

Secretary POWELL. Yes, sir. By the late 1960s—I was there in the early 1960s and I was there in the late 1960s—by the late 1960s that kind of spirit was drying up. All of our youngsters were wonderful young men and women. They served their Nation at their Nation's call but they had serious doubts about our staying power. And they had serious doubts about the mission we were trying to accomplish.

Senator BENNETT. Yes. I think it is important for us to underscore those differences.

Now, the call has gone out for a U.N. administrator to replace Ambassador Bremer on the 1st of July. I have contacts in Iraq, independent of the government, people who do business there or travel there or have relatives there, et cetera. They tell me that the Iraqis view the United Nations with as much suspicion as they might view the United States.

OIL FOR FOOD

They are very much aware of the details of the Oil for Food scandal, the enormous corruption that surrounded the U.N. activity in overseeing Oil for Food, and that the United Nations in its role, in Iraq under Saddam Hussein, seriously failed the Iraqi people.

This gives me pause at the idea that the United Nations might be seen as the beneficent—disinterested as opposed to uninterested—disinterested and therefore an even-handed party here who needs to come in and remove the stain of some American stigma of being an occupation force, that there are many Iraqis who feel that the United Nations would be an occupation force, and might take them back to the bad old days of arms deals under the table, bribes paid to officials, not only to U.N. officials, but to officials of other governments that profited enormously during the Oil for Food scandal.

We do not seem to be paying much attention to the Oil for Food scandal but I think it is the biggest example of official corruption that we have seen really in my memory. Dollar-wise, I cannot think of an area of corruption that begins to approach it.

Do you have any information you can share with us, or anything that you think is legitimate for us to know about, with respect to that scandal and how it is being examined? The only leverage we have on the United Nations, which we have exerted in the past, is

withholding of our dues to try to clean up some of the corruption within the U.N. bureaucracy years ago.

I supported resumption of payment of dues, because there was some movement towards cleaning up corruption in the United Nations; but the corruption in the United Nations has exploded again, maybe not on the front pages of The New York Times, but elsewhere the corruption of the United Nations has exploded again. And as we are talking about a U.N. role in this vitally important, very sensitive, and very delicate situation, which could still go south on us.

We have no guarantee we are going to succeed in Iraq. We have a determination and resolve that we are going to succeed but we have no guarantee. And inserting into that equation, the United Nations, at this particular point when the Oil for Food scandal and the level of corruption in it is so enormous, is something that concerns me. And I would like to get your reassurance that it is under control, or that it is being investigated, or that we have some leverage, or whatever you might have to say.

Secretary POWELL. Let me begin, first, Senator, by saying that the term, U.N. Administrator, which has been used by some, or High Commissioner, suggests that we are going down the road of turning the whole country over to some U.N. trustee arrangement. That is not the case.

We think there is a role, however, for a senior representative of the Secretary General to be there, to assist with preparing the country for elections—the United Nations brings great expertise to that—in providing advice to the governing council, the way in which Ambassador Brahimi did earlier this year in getting to an agreement on the administrative law. So, I think the United Nations does have a role to play.

A second point, there are concerns among many Iraqis about the role played by the United Nations in the past. It is not exactly a love-in. It is not going to be a love-in. But I think most Iraqis understand that the United Nations does bring assets to the table.

But there will be questions raised about the Oil for Food program. I do not know the dimensions of the problem. I read a number of articles about the alleged dimensions of the problem. I just do not know how bad it is but it is a bad problem.

Ambassador to the United Nations, Ambassador Negroponte, and Assistant Secretary Kim Holmes testified before Senator Lugar and his committee yesterday. We are making an assessment now of what documentation we have, that we can make available to the investigators and to members of Congress who ask for documentation. We do have access to some of the documents, some of the contracts that came through our system.

I have had a number of conversations with Kofi Annan about it. I know he is seized with it. He knows that this is a major problem that has the potential for being a huge black eye for the United Nations. And I know that he is reaching out to find people who can assist him in the investigation.

The United Nations is sort of constrained in that they can only investigate themselves, not other countries. But we are trying to design a model for them that will allow somebody to investigate other countries and bring it all together.

Ambassador Bremer has taken action to freeze records and to have the Governing Council freeze all records in Baghdad so they can be made available for inquiries and investigations as we move forward.

So, we are taking the Oil for Food program problem very, very seriously. Ambassador Bremer is, the governing council is, and now, I believe, Kofi Annan is, as well.

Senator McCONNELL. Thank you, Senator Bennett. In order of arrival, we will continue with Senator DeWine, followed by Senator Landrieu, Senator Byrd, Senator Durbin.

Senator DeWine.

SUDAN

Senator DEWINE. Mr. Secretary, thank you very much for being with us. And I want to follow up on what—the list of thank yous that Senator Bennett was listing and add to that your commitment and push for a comprehensive peace agreement in Sudan. I know you have been very concerned about that and have done a lot of work on that, getting close as you have indicated there.

I also appreciate very much the fact that the President called on Sudanese Government to stop the militias, in the Darfur region, from committing atrocities against the local population. That was certainly very much appreciated and certainly very, very needed.

Let me turn, if I could, to Haiti. I know you, as you said, you were down there this week. And I just want to say that, you know, my sources in Haiti indicate that our troops are doing just a bang-up job down there. They are making a big difference.

If I could, I will just quote from a friend of mine who has worked in Haiti, doing humanitarian work for a number of years. I got an e-mail from this person the other morning, and this person said, and I quote, "The military is doing a good job. God bless them. The people have a new spirit. You can feel it. There are many organizations considering coming into City Soleil for the first time. We are giving out large amounts of food. Our schools are open," and this continues on, the e-mail.

But it is better there than it has been for years. And it is because our troops are there, and the gangs are not operating, and there is, you know, the security that is necessary for that country to, again, have the opportunity for decent peace and some things to start—good things to start happening.

Let me ask a couple of questions, if I could, and I will give you a chance to respond. When you were in Haiti, you indicated your support for our HERO bill, our trade bill, a bill that we—several of us have sponsored here in the Senate, and Clay Shaw in the House of Representatives has sponsored. We think it would create an awful lot of jobs in Haiti at a time when it is clearly very, very necessary for that to happen and for some good news to occur down there. I would like for you to comment on that, if you could.

Second, I wonder if you could comment on the Administration's plan in regard to Haiti. And I will be very, very candid with you. And I have said this publicly before. We have been, for the last several years, in the \$50 million level of support and aid. That does a lot of good.

We have been—I think of necessity—had to give that money to the NGO's. We have not been able to give it to the government of Haiti.

Now, we are in a position where we will be able to channel that through the government of Haiti, we hope, and to help build up the institutions of that new government of Haiti.

But when I go through, Mr. Secretary, and look at the needs and the things that we are going to have to do, and that we hope the international community will assist us in doing. You start with the rebuilding of the police, reconstituting of the police. You go from there to the courts and the rule of law, building up the rule of law.

The debt, servicing of the debt has to be dealt with one way or the other. I would like to see it forgiven but they tell me that is going to be a kind of difficult thing to do. But it has got to be dealt with one way or the other, either through the service or the getting rid of the debt.

You look at the health structure. You know, agriculture development in that country has to take place. You know, 97 to 98 percent of the country, the topsoil is gone. We all know it is an ecological disaster.

We just go on and on and on. Let alone, the normal humanitarian concerns, most of our money today that goes to Haiti is just basically for food and medical and other basic humanitarian supplies. There is no way, Mr. Secretary, that this can happen for a bare minimum \$150 million a year. How are we going to put that together?

So those are my two questions.

Secretary POWELL. Okay. First, sir, with respect to the troops, thank you very much, and I will pass it on to their commanders, but they are not just U.S. troops. We have great troops from Chile, from Canada, and from France.

It was quite a coalition that came together rather quickly over a period of a few days. And they went in there and they did a good job.

Senator DEWINE. They are doing a great job.

Secretary POWELL. I will never regret the way in which this unfolded, because the killing stopped in Port-au-Prince. We would have had a bloodbath in Port-au-Prince. And I think President Aristide made the right decision that night.

We now have to spread out to other parts of the Island, but the humanitarian aid is now starting to flow throughout, both the north and south sides of the Island, as well as in Port-au-Prince.

We do support your HERO bill. I am pleased to, again, say it here today. As you know there are some difficult issues associated with the legislation but I think it is something Haiti needs.

With respect to the money, we have about \$55 million in 2004. But the need is much, much greater. Frankly, \$150 million a year would almost be a modest sum.

Senator DEWINE. It would be a modest sum.

Secretary POWELL. But I have got to figure out what other resources I have that can be used for this purpose, and what we are going to have to do as we get into the next fiscal year, and what additional monies may be required.

This is a country that has been, once again, run into the ground. And it needs everything. It needs to be fed. It needs the agricultural sector restored, debt dealt with, and perhaps number one is the Haitian National Police, once again, rebuilt and made honest and non-corrupt in the way we did it in 1994 and 1995.

But then it got run into the ground again by cronies of Mr. Aristide being put in place.

Senator DEWINE. I would just—my time is up, Mr. Secretary, but I would just add, you know, I saw that very closely when the police were being reconstituted. And we had some great Haitian-Americans from Los Angeles, from New York, from Chicago, who went down there and who were mentoring those police. We had people from the Justice Department who were helping with the courts. Great progress was being made. And just to see the pride that these Haitian-Americans took in mentoring these young 18-, 19-, 20-year-old Haitians was a great thing to see.

For the reasons that you have cited, all that work started to go downhill and went the wrong way. But there is no reason to think that that cannot happen again. And with the right political leadership in Haiti that—that can be sustained this time. And I hope that we can help put that together. Thank you very much.

Secretary POWELL. Thank you, Senator.

Senator MCCONNELL. As you know, Mr. Secretary, there is no one in the Senate who has spent more time on the Haiti issue than Senator DeWine.

Secretary POWELL. Sure.

Senator MCCONNELL. He is a real expert and we commend him for his attention to this poor beleaguered country.

Senator Landrieu.

Senator LANDRIEU. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for the work you do for our country—

Secretary POWELL. Senator.

Senator LANDRIEU [continuing]. And for our men and women in uniform and for our diplomat corps. I really appreciate it. We all do.

I have three questions. I am going to try to be very brief, so we can get these answers.

One is about the cost of staying the course. As you, I am sure, are well aware, \$168 billion, which is the amount of money that we have already appropriated for military and reconstruction operations in Iraq since 2003, actually equal the entire amount of money this country spends to fund our education initiatives including the Department of Health and Human Services, and including all that we spend on Homeland Security. So, it is a significant amount of our Treasury, as you know, that we are committing to stay the course.

The World Bank has estimated that another \$55 billion is going to be required. Our own Congressional Budget Office says that that figure may be too low; they think it is \$100 billion.

The other nations have only pledged and not given, but only pledged \$36 billion.

Given that we were so wildly off the mark in the last year, sort of leading up to this conflict, and I just quickly will quote Paul Wolfowitz on February 28, "If we have to occupy Iraq for years, as

some people are foolishly suggesting, it is one cost. As Secretary Rumsfeld says, if it lasts 6 days, it is one cost. If it lasts another 6 months, we are going to be greeted as liberators. And if so, the cost will be much lower."

Donald Rumsfeld said, "I do not know that there is much reconstruction to do," on April 10, 2003.

Additionally on September 22, Paul Bremer told the Senate Appropriations Committee that, "Little or no money would be needed for Iraq beyond fiscal year 2004 supplemental." Now, clearly, we were wildly off the mark in this pattern of testimony.

Since you, Mr. Secretary, are going to—I think under the administration's plan—take responsibility on June 30, it moves from Defense to State, when the coalition comes into power, how are you readjusting these estimates and how are we going to stay the course by staying in the budget? Or are we going to stay the course out of the budget?

Secretary POWELL. The \$18 billion that was appropriated in the supplemental is just now starting to flow. Less than one-ninth of that money has been used.

So, I think that amount will certainly sustain us through the rest of this year and well into the next calendar year. And it was for that reason we made no special requests for 2005. I think this is a pretty substantial amount that will deal with most of the needs that Ambassador Bremer came in and presented to the Congress.

The estimates are much higher than originally thought, because once we got into the country and realized the problems that were caused by Saddam Hussein's leadership over time, and what would be needed to put this country on a solid footing so that democracy could take root, and so that the economy can get started again, and the oil sector rebuilt so that soon the country can be viable, and live on its own revenue; we realized that the situation required this large infusion of funds.

But at the moment, based on what I know and based on the work that my staff has done, I do not anticipate this kind of supplemental requirement being needed in the future.

Senator LANDRIEU. But do you know a portion—following up on the, I think, very good line of questioning of Senator Stevens, about the now found and extremely worrisome ammunition deposits, dumps, are you saying that in this figure, there is enough money to take care of that issue, which seems to be much more extensive than we thought? Or are there going to be additional requirements for that?

Secretary POWELL. I would have to go back and see whether it is provided for in the supplemental or whether it is being handled by the Defense Department through other accounts and other means.

Senator LANDRIEU. Okay. My second question, quickly, it was clear that there was a difference of opinion about post-military plans between Secretary Donald Rumsfeld and the State Department. There was, in fact, a plan that I think the State Department began called the Future of Iraq project—

Secretary POWELL. Yes.

Senator LANDRIEU [continuing]. Where Defense individuals were prohibited from participating because there was a difference of opinion.

My question now that you will come back basically into more control, do you plan to re-institute some of the provisions of the Future of Iraq project? Or is that scrapped for good?

Secretary POWELL. No. The Future of Iraq project was a year-long study effort that was conducted by the State Department, with interagency participation. It was well under way long before the war started.

I would have to go back and check. I do not remember any prohibition of Defense people from participating. There may have been some reluctance on the part of Defense to participate. I do not remember.

But the whole plan was made available to the Defense planners, as they got ready for the post-conflict period. And there are elements of that plan that are still, I think, quite appropriate to the challenges we are facing. And I will use elements of that plan or any other plan. Some fine work has also come out of other think tanks and agencies that I would take advantage of, as well.

Senator LANDRIEU. Well, my point being that my information is that the DOD employees were prohibited from participating in that plan; and had some of the elements of that plan been followed, we perhaps would have had more accurate information.

I know my time is up, so I will just ask this question. You can respond in writing.

ROLE OF WOMEN IN AFGHANISTAN

I have now had a chance to read the new constitution of Afghanistan, which is right here, in preparation for this meeting. One of the big concerns of many Members of Congress has been the role of women since they were so brutally oppressed. And one of the reasons that, you know, we responded the way we did to the attacks was to liberate them and give them hope for a better life.

I cannot read in this document where they are, in fact, implied as citizens. I know it is our intent but I could not find the language. So, I am going to submit this in writing and also some questions about their role in the Iraqi constitution, which continues to say that we will be governed by the religion of Islam and no law can be developed to the contrary. And we know under that religion—and others, not just Islam—but women's roles in terms of freedoms have been severely restricted.

I remain very concerned, Mr. Secretary. And I do not doubt your personal commitment. Let me say that. You have been a stalwart of that and I appreciate it. But I still would feel better, I guess, if I saw it in writing; and I will submit the question to you.

Secretary POWELL. Let me look at both documents. I think in the Iraqi Administrative Law, it said that Islam was the source of law.

The Afghan constitution recently approved by the Loya-Jirga—I would have to read it again—but when I was in Afghanistan 3 weeks ago, I went to a registration site at a school for women, and they were lined up to register to vote. And they had to demonstrate that they were a citizen in order to get their laminated registration card.

The statistics I got during that visit was 28 percent of the women who have registered, to date throughout the country, 28 percent of the registrants to date are women. And in the western regions, it is up to 45-or-thereabouts percent. So, they are coming out as citizens getting ready to vote.

But I will look at the exact language to make sure they have all rights of citizenship besides just registering to vote.

[The information follows:]

UNITED STATES DEPARTMENT OF STATE,
Washington, DC, April 27, 2004.

Hon. MARY LANDRIEU,
U.S. Senate.

DEAR SENATOR LANDRIEU: On 8 April, at the Foreign Operations Appropriations Hearing for the fiscal year 2005 Budget Request, you raised a question to Secretary Powell regarding citizenship provisions for women in the Iraqi and Afghan constitutions. The Secretary has asked that I reply on his behalf.

With regard to Afghanistan, Article 22 of the Afghan Constitution reads as follows. "Any kind of discrimination and privilege between the citizens of Afghanistan are prohibited. The citizens of Afghanistan—whether man or woman—have equal rights and duties before the law." This specific reference of women's equality in the constitution was a significant change from previous drafts. During the Constitutional Loya Jirga in December, the women delegates built support for the provision and had it included in the final draft, which was a major victory for women's rights in Afghanistan.

In Iraq, as you know, there is yet no constitution, only the Transitional Administrative Law. In this document, Article 12 guarantees the following:

"All Iraqis are equal in their rights without regard to gender, sect, opinion, belief, nationality, religion, or origin, and they are equal before the law. Discrimination against an Iraqi citizen on the basis of his gender, nationality, religion or origin is prohibited."

The U.S. Government has worked with the Iraqi Governing Council and will continue to work with the Iraqi Interim Government and Iraqis to ensure that such stipulations are reflected in the permanent constitution.

I hope you find this information useful. The State Department remains committed to the development of Afghanistan and Iraq as free and equal democratic societies. We welcome your inquiries and suggestions.

Sincerely,

PAUL V. KELLY,
Assistant Secretary, Legislative Affairs.

Senator MCCONNELL. Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman.

Mr. Secretary, I want to follow up on a discussion that we had during the CJS hearing 2 weeks ago.

RECONSTRUCTION PROGRAMS IN IRAQ

We talked about the State Department taking control of U.S. reconstruction programs in Iraq after the June 30 deadline. I have in front of me a copy of a table from the most recent report submitted to Congress by OMB.

It shows that as of March 1, 2004, nearly 4 months after the Iraq supplemental was enacted, only \$2.2 billion of the \$18.4 billion had been obligated. Moreover, at a time when security is the most critical issue in Iraq, the report showed that only \$381 million of the \$3.24 billion for security and law enforcement had been obligated, around 10 percent of the total appropriated. What has happened to the reconstruction money?

Secretary POWELL. The money is available. It just has not been obligated as quickly as we might have hoped. And the Defense De-

partment and other agencies responsible for contracting out these funds are being cautious and judicious in how the funds are being spent.

I expect that in the next several months, the rate of obligation will increase significantly.

Senator BYRD. If it was as urgently needed as the President told Congress, back when we were considering the supplemental, why is the money not being obligated at a faster pace?

Secretary POWELL. There are contracting issues, there are security issues. I expect it to be obligated at a pace that would probably take us to the point that by the 1st of July when the Chief of Mission assumes responsibility, our estimate right now is \$14 billion of the \$18 billion will have been obligated at that point.

We wanted to keep some of it unobligated so that the new ambassador coming in and the new interim government coming in have some flexibility as to how the last \$4 billion might be spent.

Senator BYRD. When do you anticipate that the 2004 supplemental funds will be exhausted?

Secretary POWELL. I do not know that I can answer that question without talking to my staff, and I am not sure they know, because we are trying not to obligate it all so that there is flexibility when the Interim Government takes sovereign responsibility on 1 July and the new Chief of Mission comes in. But I would hope that it would all be obligated by the end of the year or early in calendar year 2005 at the latest.

Senator BYRD. In the event that some 2004 funds remain unobligated at the end of the fiscal year, do you anticipate asking for additional Iraq reconstruction funds in a 2005 supplemental?

Secretary POWELL. I do not anticipate that at this point. At the moment we, of course, have no plans for any more requests in 2004. And we will have to see where we are in 2005.

I believe the \$18 billion was a surge of money to go into this broken country to get things up and going; and we are going to take care of all of our requirements through this year and into the beginning of 2005. And then when we get into 2005, we can make a judgment on not just Iraq, but on all the other things the nation may be facing at that time.

Senator BYRD. Press reports indicate that the administration will seek a new U.N. Security Council resolution ahead of the proposed June 30 handover of power in Iraq. This seems to make sense, as the United States needs to set a new course and tone for the occupation mission.

In a similar vein, Congress might want to take a fresh look at the 2002 Use of Force Authorization, which characterizes Iraq as a tyrannical country that may be plotting to attack the United States and which fails to take into account the changes that have taken place in the last 18 months.

Secretary Powell, what are the administration's goals for a new U.N. resolution?

Secretary POWELL. We just started to examine what might be in such a resolution, speculating on the kinds of elements that would be in the resolution: some statement with respect to the interim government and its authority; some statement of the role expected of the United Nations to play; something having to do with the

presence of military forces from the coalition remaining in the country. Remember, 1511 deals with that now.

What we would have to do is go through the principal resolution we are using now, 1511, and see what has changed over the several months since 1511 was passed. But we do not have a written resolution yet.

Senator BYRD. Let us look at it this way. Is it just to legitimize the U.S. military occupation after the hand-over of power or do you seek to elevate the United Nations to have it play the central role in Iraq's reconstruction?

Secretary POWELL. We believe that the Interim Government should play the central role in the political process going forward. We believe that the United Nations has a vital role to play but does not become the administrator of the country, and does not become responsible for how we would spend our \$18 billion. That remains entirely within U.S. hands, supervised by our ambassador, the chief of mission.

Senator BYRD. Do you expect to obtain more contributions of foreign troops for the occupation mission, and, if so, how many and from which countries?

Secretary POWELL. I cannot give you a number. My colleagues at the Pentagon might be able to give you some estimates but they would be nothing but estimates.

But with sovereignty returned and with a new U.N. resolution, there are other countries in the world—not necessarily in NATO but other countries in the world—that might be willing to provide troops with a new U.N. resolution and with sovereignty returned.

I cannot give you a specific list of which ones but there are some—some that have considerable forces. In Asia, the Pakistanis have kept the idea open. The Indians have kept the idea open. Bangladesh has kept the idea open. Whether or not they would in the event actually contribute remains to be seen.

But they have been interested in contributing under the right set of circumstances with respect to U.N. support and with respect to sovereignty being returned.

Senator McCONNELL. Thank you, Senator Byrd. Now, the Secretary, I am told, has about 8 more minutes, so we will see how far we can get. I know Senator Harkin is anxious to have his say again.

Let me just ask quickly, Mr. Secretary: Do you support the extension of import sanctions against Burma?

Secretary POWELL. Yes, sir.

Senator McCONNELL. Why should U.S. taxpayers support a flawed Khmer Rouge tribunal that relies in part upon Cambodia's broken judicial system, one that is largely incapable of delivering justice for human rights abuses committed in that country today?

Secretary POWELL. The only reason, Senator, is that it is the only game, judicial game, in town. I have the same concerns you have about the preponderance of judges as being Cambodians. They might not mete out justice the way we would like to see it meted out, but we will have international judges on that court as well.

So, at least these aging defendants will be brought before a tribunal. Whether or not they are convicted, I cannot say, and I would not even suggest that they would be convicted. But they will be

brought before a court if this court gets up and running and functional.

Senator MCCONNELL. Yes. As you know, the local population, much of it, is not very optimistic. This has got to be done in a credible fashion.

VOICE FOR HUMANITY

One parochial matter: I want to take a moment to bring your attention to the efforts of Voice for Humanity, which is referred to as VFH. It is an NGO, based in my State, that uses information technology to educate and inform illiterate and semi-literate people.

They are in the process of initiating pilot programs in Afghanistan and Iraq. Ambassador Bremer and Iraqi authorities readily understand the utility and value of this technology.

I would like to propose that someone from VFH brief your staff on their ongoing pilot programs and requests that our U.S. ambassador to Afghanistan find time to meet with them, as well.

Secretary POWELL. Okay.

Senator MCCONNELL. Let me add that VFH is awaiting USAID funding for HIV/AIDS education activities in Nigeria, and the application of this particular technology is limitless and, again I repeat, it is an NGO.

Senator Leahy, do you want to make any additional observations?

Senator LEAHY. I do. Yes, I was thinking, Mr. Secretary, you have been here many times. We all know each other. And I think the rest of the country hears everybody saying, "All is well. Everything is going fine. We have a few bumps in the road, but stay the course." We are polite with each other and all that.

Now, I have been to a couple of briefings today, several this week, and each time I hear that things are going well. We read polls. Some polls say they love us. Some polls say they do not love us but the reality is people know some things are not going well.

This morning, the New York Times said this:

United States forces are confronting a broad-based Shiite uprising that goes well beyond supporters of one militant Islamic cleric, who has been the focus of American counter-insurgency efforts, United States intelligence officials said Wednesday.

That assertion contradicts repeated statements by the Bush Administration and American officials in Iraq. On Wednesday, Secretary of Defense Donald Rumsfeld, General Richard Myers said that they did not believe the United States was facing a broad-based Shiite insurgency.

But intelligence officials now say that there is evidence that the insurgency goes beyond Mr. Sadr and his militia. And that a much larger number of Shiites have turned against the American-led occupation of Iraq.

If it is the latter, we are in a heap of hurt. And it is going to continue beyond just a few firefights and blowing up a mosque and arresting one person. Now, which is it? Are these intelligence sources correct or is Secretary Rumsfeld correct?

Secretary POWELL. Many times in my career, I have seen "intelligence officials" who are unidentified, who say things to reporters, who then say this is the truth. But I do not know that these intelligence officials represent the truth.

Senator LEAHY. Well, without even knowing the names, is what they have reputed to have said, is it true to your knowledge?

Secretary POWELL. I have no idea what they—I cannot go to what they are reputed to have said to a reporter.

Senator LEAHY. Is it—

Secretary POWELL. I will say this—

Senator LEAHY. Is it true that it goes beyond—that this is a Shiite uprising—

Secretary POWELL. It is—

Senator LEAHY [continuing]. That is going beyond Sadr and his immediate followers?

Secretary POWELL. It is an uprising that was originated by Sadr and his following and the Mahdi militia, which responds to him. Whether it is extended into the larger part of the Shiite community is not established.

Now, has he picked up some additional individuals who were not with them a week ago? He may have. But has he picked up the whole Shiite community? He has not. Because there are a number of senior officials in the Shiite community who are saying, "Let us have calm," including Mr. Sistani.

So, I think it is not correct to say that what we are seeing in the southern part of the country right now, in Al-Kut and Najaf and places like that, represents a massive Shiite uprising and rebellion. For the most part, it reflects the activities of Muqtada al-Sadr and his Mahdi militia.

Senator LEAHY. You understand there is skepticism in the country?

Secretary POWELL. Yes. I am sure there will be.

Senator LEAHY. I mean, our country—

Secretary POWELL. Yes, I understand that.

Senator LEAHY [continuing]. To say nothing about Iraq.

Secretary POWELL. Yes. You just expressed it, so I accept it. I know there is skepticism.

The fact of the matter is: It is not an either/or issue. We know who started this. And it happened in the last couple of weeks. This is an individual we have been worried about for some time. Somebody who has been indicted, somebody who has murdered or caused the murder of other individuals, and he has a following.

Now, what we do not want to do is see this following grow. And the way we will keep it from growing is to smash the Mahdi militia and bring this situation under control. And that is what the military strategy is and that is what we are about doing.

Senator LEAHY. Well, my time is up. I realize you have to leave. I do have some follow-up questions.

These questions are serious ones. If we were going to stay here, I would be prepared to stay all evening long to ask them, because they are things I am concerned about, everything from the millions of dollars we are paying for private security guards, on through.

Senator MCCONNELL. I think we have a couple of minutes left. Senator Harkin, do you want to try to get your questions in, right here at the end?

Senator HARKIN. Thank you, Mr. Chairman. I appreciate it.

HAITI

We are a signatory, Mr. Secretary, to the Santiago agreement, are we not? And we are a member of the Organization of American

States, correct? We are a signatory to that, international agreement, as is Haiti. The agreement states that member nations, which we say that we agree with these other countries, that we are going to have collective action in the case of a sudden or irregular interruption of the democratic political institutional process in member states. We are a signatory of that and we did not abide by this international agreement in Haiti.

Second, Amnesty International, according to a press release, has spent a couple of weeks in Haiti. They point out, that the interim government is targeting Lavalas supporters while convicted human rights abusers have not been arrested. The government is sending the wrong message.

Amnesty International points out that Louis-Jodel Chamblain, one of the main rebel leaders, was convicted in absentia and sentenced to two life terms for killing Antoine Izmery and for his involvement in the 1994 Rabateau massacre. The new justice minister, Bernard Gousse, said Chamblain—this same man—could be retried under Haitian law but that the government could also pardon him.

Jean Tatoun, another rebel leader, sentenced to life—Tatoun was in prison. He was released by a street gang last year. Tatoun and Chamblain are free, to terrorize the Haitian people. And yet Aristide's supporters are being, according to Amnesty International, arrested and harassed.

Last, I want to cite a quote from Mr. Noriega, who works for you. On March 1, Mr. Noriega said: "The last 10 years were all about Aristide. It was all about making apologies for his mistakes, excuses for his violations, and compensating, accommodating his pathological behavior, quite frankly. He is not a typical Haitian, thank God."

Mr. Secretary, it is below the dignity of any government official to use those words; and certainly an assistant secretary of state. I hope you realize how obnoxious those words are.

What if someone were to say about Mr. Noriega, "You are not a typical Mexican-American. You, Mr. Secretary, are not a typical African-American." This is below the dignity of anyone that works in your office.

I will just say this, I agree with you that you—no one handcuffed Aristide—he was not kidnaped. You were right on that. I have said so publicly. But I do believe, after my conversations with him and with you on that day that, he was left with no choice.

He was told that we would not live up to our international agreements under the Santiago agreement, that we would not protect him from these armed thugs. Aristide disbanded the Army in 1994, as you know, because he wanted to be like Costa Rica.

I just think that what is happening in Haiti now is a return—as you said to me, of the rich people on the hill. The poor people in Haiti are once again being subjugated.

From what I just heard you say a little bit ago, I thought I heard that the Lavalas party will not be permitted to field candidates in the next election. Is that true?

Secretary POWELL. I did not say that, Senator.

Senator HARKIN. I thought you said Aristide's people—government—

Secretary POWELL. No, I did not.

Senator HARKIN. [continuing]. Would not be permitted to run?

Secretary POWELL. No. I said those in the government now, in the transition government, will not be running for office in 2005. That is what the interim Prime Minister told me.

Senator HARKIN. But they could?

Secretary POWELL. They have made a commitment that the ministers who are in this interim government, which is essentially a technocratic government, they all met, and all the opposites—met with all of the parties the night before I got there, Sunday night, and agreed that they would have elections for a new legislature and a new president in 2005.

Whatever municipal elections are appropriate and needed and that those members of the interim government now, Prime Minister Latortue and other Ministers who are in office now, would not be candidates in that election, because they want to be seen as a generally non-political, technocratic government providing a bridge back to full political participation.

Now, President Aristide resigned and in a manner that was constitutional. The resignation was given—the resignation was given to the gentleman who was next in line of succession and he became the president. And I met with him on Monday as well, President Alexandre.

Senator HARKIN Yes.

Secretary POWELL. And then we have been following the original CARICOM plan of putting together a group of distinguished individuals who selected a larger group, who then selected an interim prime minister, Mr. Latortue, who came down from Florida to act as this bridge back to a solid political system, we hope.

It is going to take time. It is going to take a great deal of money. Nobody wished President Aristide more good fortune than I did.

When I put, frankly, my life at risk, as did President Carter, as did Senator Nunn, we went down there on a September weekend in 1994, and spent 2 days with General Cedras and General Biamby and the others, with hand grenades rolling all over the place and guns in every corner and talked them out while the 82nd Airborne was in the air, heading to Haiti.

At the same time, we were trying to cut the deal. We cut the deal. The 82nd landed without a shot being fired and President Aristide got a new opportunity.

I regret to say that we spent a lot of time building the Haitian National Police. I was there a year later watching them being built. I also watched them being torn apart by corruption and by putting in people who were not competent.

I wish it had turned out differently. And I tried to stay with this as long as I could, until finally it became clear that President Aristide's actions, over a period of years, had so contaminated the—I am sorry, Senator?

Senator HARKIN. I am sorry. He was not even in office during that period; Preval was in office.

Secretary POWELL. No. Senator, he was in office from 1994 until he left.

Senator HARKIN. 1995, 1 year.

Secretary POWELL. He was not in office for the next several years; but, Senator, you and I both know that he really was the man behind the curtain during that period of time, until he came back in—we could go through the history of the elections of the early 2000 and that period.

Senator HARKIN. I am familiar with it.

Secretary POWELL. But we need not—I do not think we need to belabor that now.

But I mean, he started to rule through the use of Shamirs. The Haitian police was no longer effective and, essentially, what we were being—what the international community was being asked to do and what it wouldn't do was essentially put our troops at his disposal, put French troops at his disposal, Canadian troops at his disposal, CARICOM troops at his disposal. And it was not going to happen.

Senator HARKIN. Would you ask the—

Senator MCCONNELL. Okay. Senator Harkin—

Senator HARKIN. Prime Minister Latorue about Chamblain—

Secretary POWELL. We have made clear—I did not ask about the specific names but I know the names well.

Senator HARKIN. I know you do.

Secretary POWELL. We have made it clear—two final points, we had made it clear to the Prime Minister that these are not individuals we can accept in any position in public life.

Now, how they will be dealt with over time remains to be seen. And I have no evidence that is available to me or anything I saw in Haiti to suggest that we are seeing summary executions on the part of the government against Lavalas members.

Now, there is still violence in the island. Although Port-au-Prince is relatively quiet, there are still hot spots throughout the island that our military forces are moving into. But summary executions by the government of Lavalas members—if you will give me the Amnesty International information, I will look at it.

Senator HARKIN. Yes, you have your staff—I am just reading from the Amnesty—

Senator MCCONNELL. Yes. Well, thank you, Mr. Secretary—

Senator HARKIN. Thank you, Mr. Secretary.

Senator MCCONNELL [continuing]. For extending beyond the time we thought we would get you.

I am going to be submitting questions for the record on the Aristide government's involvement in the drug trade and other questions that we were unable to get to today.

Thank you, again, as we have all said—

Secretary POWELL. Thank you, Mr. Chairman.

Senator MCCONNELL [continuing]. For your extraordinary service to your country.

ADDITIONAL COMMITTEE QUESTIONS

There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing.]

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. What pressure has the State Department placed on the European Union and Burma's regional neighbors to take a harder line—including sanctions—against the SPDC?

Answer. The Administration continues diplomatic efforts, at all levels, to encourage other nations to sustain pressure on the SPDC. We have delivered demarches to and had senior-level exchanges with both European Union (EU) member states and countries in the region, urging them to use their influence to convince the SPDC to accept reform. In public and private remarks, we have stated that the SPDC and its policies represent an embarrassment for the region and its regional organizations.

In 2003, the EU expanded its existing visa and travel restrictions and its asset freeze list to identify a broader set of Burmese who benefit from the oppressive policies of the SPDC. The EU also has in place a ban on arms sales and limits on assistance to the government. The EU has traditionally drafted the annual General Assembly and Commission on Human Rights resolutions on Burma (which we have supported). EU "troika" visits to Burma have drawn attention to the continuing lack of progress on democracy and human rights issues. The United Kingdom has called on its companies to review their investments in Burma; two major British investors, British American Tobacco Company and Premier Oil, have sold their investments in the country to outside parties in the past year, and at least 18 UK companies cut ties with Burma in 2003. No EU member state has followed our lead and imposed economic sanctions.

ASEAN nations issued an unprecedented call for change from fellow member state Burma at their June 2003 ministerial meeting. In mid-June, then Malaysian Prime Minister Mahathir issued a statement indicating the Burmese government's actions were creating a "dilemma for the [ASEAN] organization." However, at their October 2003 meeting in Bali, ASEAN states took a different path and welcomed "positive developments" in Burma, including the SPDC's road map to democracy. The United States continues its dialogue with countries in the region and has made clear the important role that ASEAN has to play in encouraging reform. Administration officials have noted to ASEAN counterparts that there would not be high-level United States participation in ASEAN events hosted by the SPDC in 2006 unless it adopts significant reforms.

Question. How many internally displaced persons are in Burma, and what is the United States doing to provide them with security and humanitarian assistance?

Answer. There are an estimated 600,000 internally displaced persons in Burma. We remain very concerned about the situation faced by these persons.

The United States does not currently fund organizations or individuals for work inside Burma among IDPs, although some projects operating along the Thailand-Burma border, including health and educational programs, do provide spillover benefits to those still in Burma. The Burma earmark in the Fiscal Year 2004 Foreign Operations Appropriations Act extended authorization to provide humanitarian assistance to internally displaced persons along Burma's borders. Although access to this population is limited, we intend to work with USAID to try and identify opportunities to provide limited humanitarian assistance to internally displaced persons along the border areas, where possible.

We also support the work of international organizations, such as the International Committee of the Red Cross, the International Labor Organization, and the United Nations High Commissioner for Refugees (UNHCR) that have access to these areas. In February 2004, the UNHCR gained SPDC permission to begin work for the first time in eastern Burma and assess conditions for the eventual repatriation of refugees and return home of internally displaced persons. A great amount of infrastructure will need to be in place before these persons can return in a secure fashion.

Question. Is North Korea providing Burma with missiles or nuclear weapons technology?

Answer. For well over a decade, there have been reports from various sources about North Korean arms sales to Burma. These reports have covered numerous items, including small arms, ammunition, artillery, and missiles. We have made clear our concerns on this issue to the Burmese Government.

Although North Korea has threatened to export nuclear materials and their nuclear "deterrent," we have seen no indication that North Korea is providing nuclear weapons technology to Burma.

Further details on Burma and North Korea's relationship are available in a classified report to Congress. We continue to monitor the relationship between the two nations.

Question. Is Burma seeking to acquire a nuclear research reactor?

Answer. Burma is interested in acquiring a nuclear research reactor. The Russians have offered to negotiate an agreement to construct a nuclear research facility, including a reactor. Such a facility would be placed under IAEA safeguards. To date, an agreement has not been concluded.

Question. How can we convince the EU that its “wait and see” approach is flawed? (i.e., Daw Aung San Suu Kyi’s release is not the benchmark by which progress in Burma should be measured)

Answer. We have made formal demarches to and held frequent discussions with EU counterparts on Burma and have urged them to consider additional measures. While the EU shares our objective of a democratic Burma and has taken a strong stand by imposing an asset freeze and visa restrictions, its approach to advancing democracy in that country differs from ours. No country followed our lead in imposing an array of economic sanctions after the May 30 attack on Aung San Suu Kyi’s motorcade.

Question. What pressure can the United States exert on India—a professed democracy—to support the struggle of freedom in Burma?

Answer. We continue to raise our concerns regarding the lack of progress toward national reconciliation in Burma with Indian officials. We have noted that continued instability in the form of the current government is not in India’s interests and have encouraged the Indian Government to speak in favor of the release of Aung San Suu Kyi and other political prisoners and to urge the SPDC toward democratic reform. Indian officials have indicated that they share our concerns about and goals for democracy in Burma, but they must also address strategic realities such as China’s influence in Burma. India also confronts specific issues such as narcotrafficking and cross-border insurgencies.

Question. How do you explain the actions of Thailand, and in particular Thai Prime Minister Thaksin Shinawatra, to undermine a tough approach to Burma?

Answer. In our discussions with the Royal Thai Government (RTG), we have emphasized that the SPDC must release Aung San Suu Kyi and all other political prisoners, allow all parties and ethnic groups to participate fully in the political process, and establish a realistic timeframe for movement towards democracy in Burma.

Thailand has called for Aung San Suu Kyi’s release and has worked with other countries to encourage reform and democracy in Burma. The “Bangkok Process” has been organized by Thailand as a means to finding a way forward in Burma. The SPDC, however, has not wished to participate following the first session, where participants urged Burma to release Aung San Suu Kyi and other political prisoners and engage in substantive dialogue with the political opposition and ethnic groups.

Thailand is unlikely to change its policies or adopt sanctions against Rangoon. It is engaged in a fundamental effort to improve relations with each of its neighbors. In the case of Burma, under Prime Minister Thaksin, the RTG has sought cooperation with Rangoon to address numerous problems Thailand faces with its neighbor: narcotics trafficking, migrant labor, trafficking in persons, and refugees.

Some Burmese political groups and a few NGOs have reported an increase of official checks for proper immigration documents and of political meetings being interrupted; however, most Burmese people and related NGOs continue to work within Thailand without such difficulty. Thailand continues to host approximately 140,000 Burmese refugees in border camps. Thailand has cooperated freely with our resettlement program for Burmese refugees that have been provided letters of concern by UNHCR, the so-called “urban Burmese.”

We have also encouraged Thailand to improve its migrant worker policies, and in late April of this year, the RTG cabinet approved a new migrant labor policy intended to match labor supply and demand while extending basic human rights protections to the 800,000 to 2 million foreign workers from Burma, Laos, and Cambodia believed to be in the country.

Question. What investments, including projects and activities related to iPSTAR, do Shin Satellite and Shin Corporation have in Burma, and/or planned for Burma?

Answer. In May 2002, Bagan Cybertech, a semi-governmental telecommunications company in Burma, signed a \$13 million agreement with Shin Satellite to purchase a ground equipment package for the iPSTAR satellite, including 5,000 user terminals. iPSTAR is a subsidiary of Shin Satellite which is majority-owned by the Shin Corporation, a Thai conglomerate largely owned by the Shinawatra family. Once launched and operational in 2004, iPSTAR will provide broadband Internet services to 14 countries, including India, China, Korea, Australia, New Zealand, Japan, Malaysia, Indonesia, Singapore, and Burma. According to a Shin Corporation spokesman, iPSTAR’s expected revenues from Burma are small compared with those in larger and more developed markets in the region.

In addition to iSTAR, Shin Satellite has contracts worth approximately \$2.5 million per year with two Burmese entities. This represents a small portion of Shin Satellite's total annual revenue of \$150 million.

The Thailand government's policy toward Burma is driven by many factors including concern about Burmese refugees, an inflow of illegal immigrants, the spread of disease, a history of border disputes, and the flow of narcotics into Thailand. We doubt that this satellite deal has much effect on Thailand's policy toward Burma.

Question. Given that Burma previously held a constitutional convention in 1995 that was rendered meaningless by the SPDC, what makes this one any different?

Answer. The Administration has noted consistently that for a convention to be successful, the political opposition and ethnic groups must support it and must be fully involved.

Question. Why should U.S. taxpayers support a flawed Khmer Rouge Tribunal that relies, in part, upon Cambodia's broken judicial system—one that is largely incapable of delivering justice for human rights abuses committed today?

Answer. The Government of Cambodia originally requested assistance from the United Nations in June 1997 to bring to justice those leaders of the Khmer Rouge who bear responsibility for serious atrocities committed between 1975 and 1979. Our longstanding policy has been to support credible efforts to seek accountability for the atrocities of the Khmer Rouge regime, under which an estimated 1.7 million people died. Seeking justice for these egregious crimes is a critical part of ending impunity in Cambodia.

We share your concerns about the serious flaws in the Cambodian judiciary and continue to speak out strongly against political violence, corruption, and the climate of impunity in Cambodia. The proposed Khmer Rouge Tribunal, however, is designed to operate as an Extraordinary Chambers outside of the regular Cambodian judicial system. It will be comprised of both international and Cambodian judges and prosecutors.

We recognize that achieving credible justice will not be easy. Strong international support will be needed to help ensure that the Tribunal exercises its jurisdiction in accordance with international standards of justice, fairness, and due process. If we do not help this Khmer Rouge Tribunal succeed, we may not have another opportunity to bring the Khmer Rouge perpetrators to justice as many are advanced in age or already deceased.

Question. Do Cambodian judges and legal staff have the training, professionalism, competence and independence to effectively participate in a tribunal of such import?

Answer. The Cambodian judicial system suffers from a lack of resources, low salaries, and poor training. Through assistance from NGOs and foreign governments, there have been some improvements over the last several years. Last year, the Royal School for Judges and Prosecutors reopened and accepted its first class of students since the 1960s. Moreover, there has been an increase in the number of lawyers, which has resulted in significant improvements for those defendants provided with counsel.

We are concerned about the limited capabilities of the Cambodian judicial system. With a mix of international and Cambodian judges, however, the Khmer Rouge Tribunal should be able to attain international standards of justice. The Tribunal contains provisions that are strong enough to protect the integrity of the judicial process. Decisions in the two chambers of the Tribunal will be taken by a majority of four in the trial court and five judges in the Supreme Court respectively and will require the concurrence of at least one international judge. Defendants will also have the right to counsel of their own choosing, including foreign counsel.

Question. Is the Cambodian judicial system independent (in practice) and free of interference from the Cambodian People's Party?

Answer. While the Cambodian Constitution provides for an independent judiciary, in practice the courts are subject to influence and interference by the Executive Branch. The Cambodian People's Party is the senior partner in the coalition government that has governed Cambodia since the 1998 elections and in a caretaker fashion since the 2003 elections.

We recognize that achieving a credible process will not be easy given the state of the judiciary in Cambodia today. It is our hope that with U.N. participation and strong international support the Khmer Rouge Tribunal will be able to carry out its mandate in accordance with international standards of justice, fairness, and due process.

Question. Does the State Department intend to facilitate the return of the FBI to Cambodia, (as encouraged by Senators McCain, Daschle, Leahy, McConnell, Miller, and Chambliss) and provide support throughout the investigation?

Answer. Should the FBI seek to return to Cambodia with regard to this case, the State Department would cooperate fully and provide all possible support and assistance.

Question. Should senior officials of the ruling Cambodian People's Party (CPP) be determined to be the perpetrators of that terrorist attack, what action will the State Department take to ensure that justice and accountability prevail?

Answer. We are not in a position to speculate on the outcome of any investigation or what action we might hypothetically be in a position to take at some future time.

Question. The Vietnam conflict has yet to end for 1,800 stateless Vietnamese refugees in the Philippines—what is the administration doing to resolve this tragedy?

Answer. Following talks in Manila in March 2004, the United States and the Government of the Philippines reached an agreement to offer durable solutions for certain Vietnamese nationals living in the Philippines. Most of this group are former asylum seekers who arrived in the Philippines in the late-1980s and early-1990s but were previously found ineligible (screened-out) for refugee resettlement in a third country.

In 1996, the Philippine Government decided to permit some 1,400 of the screened-out Vietnamese to remain in the Philippines. Over the years, there have been several Philippine legislative initiatives to regularize the status of these individuals. To date none of these initiatives has borne fruit.

Following the Manila talks, the USG announced it would offer resettlement interviews to the majority of the group, many of whom have relatives living in the United States. Vietnamese married to Filipino citizens and their children will not be eligible for this program. In addition, Vietnamese previously found to be ineligible for admission to the United States because of fraud or who have a record of criminal activity will not be considered for United States resettlement.

The Philippines has agreed, consistent with its law, to offer residency to those Vietnamese married to Filipino nationals and to make best efforts to offer residency to other Vietnamese ineligible or inadmissible for resettlement in the United States.

Question. How would you characterize Pakistan's efforts to militarily engage Taliban Remnants and Foreign Fighters on Pakistani soil?

Answer. Pakistan has shown its willingness to take on Taliban and al-Qaeda forces long entrenched in the tribal community of the Federally Administered Tribal Areas (FATA) when it conducted its South Waziristan operation in mid-March 2004. With a force of about 17,000 troops, Pakistan conveyed its seriousness to tribal chiefs who in the past were prone to disregard demands from Islamabad. The operation cost Pakistan over 50 troops, and while it did not succeed in capturing high value targets, it did disrupt Taliban/al-Qaeda attacks on Operation Enduring Freedom forces. The Government of Pakistan has publicly stated that the current pause is tactical and that the operation will continue until all foreign militants in the region are accounted for.

Question. Has the United States been given direct access to the "father" of Pakistan's nuclear bomb A.Q. Khan?

Answer. The Government of Pakistan is conducting its own investigation of the A.Q. Khan network. It has shared with us—and agreed to continue to share with us—information it develops from that investigation.

Question. Do we have a complete understanding of the extent of Khan's illicit activities?

Answer. We have extensive knowledge of the A.Q. Khan network, but we do not yet assess that we have a complete understanding. As the President has said, the information we know about the A.Q. Khan network was pieced together over several years by American and British intelligence officers, who identified the network's key experts, agents, and money men and mapped the extent of its operations. Other governments around the world have also worked closely with us to unravel the network and put an end to its activities. In particular, the Government of Pakistan has shared with us—and agreed to continue to share with us—information it develops from its investigation into the A.Q. Khan network. We have learned much about this network and the international black market in weapons of mass destruction and related technologies. We continue to gather information to develop a complete picture of Khan's activities and the damage they have caused.

Question. President Musharraf has been the target of several assassination attempts—do we know who is behind these attacks and who is the likely successor to Musharraf should he be incapacitated?

Answer. Pakistan is actively investigating the two attempted assassinations of President Musharraf, but no charges have been filed, as of yet. The Pakistani Constitution calls for the Speaker of the National Assembly to succeed the President should the latter be incapacitated. President Musharraf is also Chief of Army Staff.

Since army succession in Pakistan closely follows seniority, he would be succeeded in that office, should he be incapacitated, by the Chief of Army Staff.

Question. How do you assess the state of democracy in Pakistan today?

Answer. Democracy in Pakistan remains in a nascent stage, a work in progress. We believe that President Musharraf and the Government of Pakistan have taken some positive steps in bolstering democracy, but certainly much more work lies ahead. Pakistan held national elections in October 2002, which albeit flawed, brought elected representatives back into Pakistan's Government.

After more than a year of wrangling over the legality of the Legal Framework Order that enabled President Musharraf to concurrently serve as president and remain as the Army Chief of Staff, the Government and political opposition reached a compromise, setting the stage for the return of parliamentarians in early 2004. A similar compromise was reached on the newly established National Security Council. We note that President Musharraf has pledged to give up his Army Chief of Staff position by the end of 2004.

The only significant legislation passed by the new legislature so far has been passage of the annual budget bill, but we are hopeful that legislators will soon pass other important bills, including anti-money laundering and fiscal responsibility laws. New elections are scheduled for 2007 and we are working to ensure that they will be conducted in a fair and transparent manner in accordance with international standards.

We have called on the Government of Pakistan to continue efforts to bolster democracy, and have encouraged Pakistan to expedite implementing its "devolution" plan to devolve political power and budget resources from the central government to provincial and local governments. We remain concerned about reports of Pakistan's intimidation of opposition political leaders and journalists. We have urged the Government of Pakistan to ensure that opposition political leader Javed Hashmi, recently sentenced to seven years in prison following a sedition conviction, receive fair and transparent justice while his appeals process continues. Helping Pakistan build democracy remains a core concern, and along with healthcare, education, and continued economic reforms, is the focus of our USAID assistance program. One program is helping to train newly elected female parliamentarians to effectively draft and pass legislation reflecting constituents' concerns. Our Bureau of Democracy, Human Rights and Labor also is coordinating with USAID and our Embassy in Islamabad to work on additional reforms.

Question. What portion of economic assistance continued in the fiscal year 2005 budget request for Pakistan is intended as budget support for the government of Pakistan?

Answer. To support President Musharraf's vision of a moderate, democratic, and prosperous Pakistan at peace with itself and its neighbors, we are providing substantial assistance to Pakistan, including a request by the President for a multi-year security assistance/development package to address short and long-term needs. Following the President's June 2003 meeting with Musharraf, he pledged to work with Congress to provide Pakistan \$3 billion in assistance for fiscal year 2005-fiscal year 2009, half for security assistance and half for economic support and social programs. Our plan for fiscal year 2005 would provide up to \$200 million/year in ESF for non-project assistance (budgetary support and/or possibly debt relief), at least \$100 million for social sector programs, and \$300 million in FMF to improve Pakistani military/counter terror capabilities. Thus, two-thirds of the \$300 million in development-focused funds would be provided as budget support and one-third would be provided for similar development objectives through USAID's ongoing bilateral programs, which focus on improving education, healthcare, democracy, and economic development. Discussions with the Government of Pakistan continue on how to use the proposed assistance most effectively.

Question. How will the United States monitor the use of likely budget support funds to ensure that they are used as intended?

Answer. Shortly after the President proposed a multiyear assistance package in June 2003, the USG initiated a series of discussions with the Government of Pakistan on how to best ensure that budget support is most effectively and properly used, drawing on lessons learned in providing a \$600 million non-project grant in the fall of 2001. While these discussions are ongoing, we have developed a series of shared objectives that build upon the Pakistan Government's own Poverty Reduction Strategy Plan (PRSP). The PRSP focuses on many of the same issues of chief concern to the United States, seeks to resolve pervasive long-term poverty by improving Pakistan's under-funded basic education and health sectors, and recognizes the need to continue disciplined budget policies. We also are coordinating with the British, Japanese, and World Bank in setting development goals in our shared objectives. In addition to tracking funds using traditional USAID audits, we envision

using an interagency review process in conjunction with Pakistan's annual Development Forum meetings to track Pakistan's progress on achieving the agreed upon goals.

Question. How supportive have Arab states been in pledging—and fulfilling pledges—for the reconstruction of Afghanistan?

Answer. According to the most recent figures compiled by the Government of Afghanistan (GOA), Saudi Arabia has pledged the most among Gulf States—\$230 million from 2001–2004, mostly in the form of concessional loans—but only a small portion—about \$42 million—has so far been disbursed. We remain hopeful that Saudi Arabia will follow-through on its previous commitment to provide \$30 million in concessional loans for road construction of a segment along the Kandahar-Herat highway.

Kuwait, Qatar, and UAE have all made offers of assistance to Afghanistan, but only a small fraction of these pledges have materialized into actual project assistance. However, in some cases direct bilateral humanitarian aid and assistance-in-kind has been substantial.

We remain actively engaged on this issue and are involved in ongoing efforts to encourage increased assistance from the Gulf States to Afghanistan.

Question. According to Afghan Finance Ministry figures, France pledged a paltry \$99.4 million for the reconstruction of Afghanistan through March 2009 (only \$24 million more than the PRC). Should France shoulder a greater burden in this effort?

Answer. The French generally do not make out-year pledges of assistance to third countries. The \$99.4 million reflects the amounts that the French Government has pledged through 2004. We expect the French will make additional contributions in the coming years. In addition, the French Government intends to give euros 1 million to Afghanistan via the UNDP to assist with the “electoral process.”

Question. Are al-Qaeda or other terrorist groups profiting from the drug trade in Afghanistan, where 2003 estimates for the opium poppy crop topped 61,000 hectares?

Answer. We do not know to what extent al-Qaeda profits from the drug trade in Afghanistan. U.S. Government agencies have anecdotal reports of drug trafficking by elements of al-Qaeda, but there is no evidence that such activities are centrally directed. Al-Qaeda continues to rely on private donations and funding sources other than narco-trafficking for most of its income, and there is no corroborated information in U.S. Government holdings to suggest that drug trafficking provides a significant percentage of al-Qaeda’s income. We remain deeply concerned about the possibility that substantial drug profits might flow to al-Qaeda, however, and continue to be vigilant for signs that this is occurring.

The involvement of anti-government Afghan extremists in the drug trade is clearer. U.S. troops in 2002 raided a heroin lab in Nangarhar Province linked to the Hizb-I Islami Gulbuddin and officials from the United Nations and the Afghan Government report that the Taliban earns money from the heroin trade. Based on the information available, however, we cannot quantify how much these groups earn from the drug trade, nor can we determine what percentage of their overall funding comes from drugs.

In addition, extremists and terrorists in Afghanistan may sometimes turn to the same network of professional smugglers used by drug traffickers for help moving personnel, material, and money.

Question. What is the proposed fiscal year 2005 U.S. contribution to counter-narcotics efforts, and does this amount represent our “fair share” given that the vast majority of drugs are destined for Europe?

Answer. The State Department’s fiscal year 2005 budget request to Congress contains \$90 million for International Narcotics and Law Enforcement (INCLE), \$22 million of which will be devoted and used specifically for counter-narcotic programs.

The United States Government, working closely behind the lead of the United Kingdom, has taken an active stance against poppy cultivation, narcotics production, and trafficking. Drug cultivation and trafficking undermine the rule of law and provide an income source for terrorist activities. The drug trade is hindering the ability of the Afghan people to rebuild their country and rejoin the international community, and it is having deleterious effects on the abilities of neighboring countries to control their borders and exercise effective law enforcement measures. It is in the interest of all nations to fight the drug trade.

Question. Do you share my view that the people of Afghanistan are better off today than they were under the Taliban?

Answer. Absolutely. Afghanistan is in the midst of a historic transition. Less than three years ago the Taliban ruled over all of Afghanistan through a rigid Islamic absolutism that denied many fundamental human rights, including allowing women to work or go to school. Today, under the steady leadership of President Karzai, the

country has taken enormous strides and now looks ahead to September elections that will mark another milestone on Afghanistan's journey as a stable, contributing member of the global community.

In January, an ethnically and gender diverse Loya Jirga adopted a new, progressive constitution that guarantees human rights, including those of women. Hundreds of schools and health clinics have been constructed and rehabilitated, and school attendance for girls and boys increased to a record three million last year. Infrastructure improvements are also in full force, the most prominent evidence of this being the December 2003 completion of the 389 km Kabul-Kandahar highway, a U.S.-led project linking Afghanistan's two largest cities; construction is soon to begin on the next phase, Kandahar to Herat.

The results of Afghanistan's improved security environment are also becoming more visible. The Afghan National Army is steadily coalescing into a true national defense force. Police are being trained to provide day-to-day security in the provinces and in Kabul. And last August NATO assumed leadership of the ISAF peace-keeping force, an unprecedented move for the alliance that subsequently led to the first step of ISAF expansion outside Kabul with the decision by Germany to staff the Provincial Reconstruction Team (PRT) in Konduz with troops. In total, thirteen PRTs have now been established to provide a security and reconstruction presence in the provinces, and more are scheduled to open within the next six months.

Question. What is the current strength of the Afghan National Army (ANA), and what do you expect the anticipated strength of the ANA to be a year from now?

Answer. The total ANA force now numbers 8,900 troops. At the current training rate, the ANA force should grow within one year to approximately 18,000 so long as the necessary resources remain available to train, equip, arm, and provide infrastructure for new troops.

Question. What is your view of the professionalism and capabilities of the ANA, and what are the retention rates?

Answer. The ANA has been positively received by Afghans across the nation. Ethnically diverse and demonstrating a level of professionalism most Afghans are not familiar with from their experiences with armed militias, ANA troops are often initially mistaken by the population as a foreign army.

The ANA has performed admirably in successfully carrying out recent stability operations for the Afghan central government in Herat and Faryab provinces. They have also helped with removing heavy weapons from Kabul (part of the disarmament, demobilization, and reintegration (DDR) process), and have participated alongside OEF forces in missions in the East and South.

As the ANA has gradually gained institutional momentum and general acceptance of it as the new national army has grown, attrition rates have stabilized at around 2 percent.

Question. Do you believe that the recent interpretation of the Basic Law by the National People's Congress in Beijing that gives the NPC total control over direct elections in Hong Kong undermines the premise of "One Country, Two Systems?"

Answer. Hong Kong continues to have day-to-day authority over its affairs under the "One Country, Two Systems" formula. The NPC's decision does, however, have important implications for the dialogue among the Hong Kong Special Autonomous Region (SAR) Government, the Chinese government, and the Hong Kong people over the future of Hong Kong's electoral process. As the people of Hong Kong have shown in the past through the July 1, 2003 and January 1, 2004 demonstrations—a well informed electorate will continue to make its voice heard on issues that affect the future governance of the territory. We hope the authorities in Beijing and the Hong Kong SAR will make meeting the aspirations of the people of Hong Kong for democratization a top priority.

Question. How will this interpretation of the Basic Law by the NPC impact cross Strait relations—can you think of any reason why Taiwanese will believe in the "one country, two systems" mantra?

Answer. It will not have a positive effect. Taiwan's Mainland Affairs Council issued a statement on April 7 warning that China's efforts to apply its authority vis-a-vis Hong Kong's political reforms will undermine freedom in the special administrative zone.

In the final analysis, the Taiwan issue is for people on both sides of the Strait to resolve. This is the only way a peaceful and durable solution can be found. We continue to urge Beijing and Taipei to pursue dialogue as soon as possible through any available channels, without preconditions.

In the absence of a political dialogue, we encourage the two sides to increase bilateral interactions of every sort.

Question. What additional programs and activities does the United States fund to support the advancement of democracy in Hong Kong?

Answer. The United States supports a variety of programs in Hong Kong that reach out to the political, economic, and academic leadership to promote the democratization process. For example, Consul General James Keith proactively and frequently engages Hong Kong media to support the advancement of democracy in Hong Kong, and his interviews and editorials consistently reach mass audiences. Further, the United States has programmed close to 30 United States speakers since May 2003 to help promote democracy in Hong Kong; the United States Fulbright program in Hong Kong is especially active; and the International Visitor exchange program is renowned among Hong Kong's professional civil service. In addition to these programs, the United States recently opened an American Corner at the University of Macau to expand public diplomacy outreach throughout the region.

Question. Do you believe, as mainland China asserts, that the United States is interfering in Hong Kong's "internal affairs?"

Answer. Our engagement reflects our well-established commercial, social and cultural interests in Hong Kong as well as our history of friendship based on shared values. 1100 American companies are based in Hong Kong along with 50,000 American citizens. The United States also has a legal obligation under the 1990 Hong Kong-Policy Act to monitor the progress of democratization in Hong Kong, which we continue to discuss in our annual report to Congress.

Question. What do the razor thin presidential victory of the Democratic Progressive Party (0.2 percent margin) and the increase in the DPP's share of the popular vote (up to 50 percent in 2004 from 39 percent in 2000) mean for the forces of independence in Taiwan?

Answer. The 2004 presidential election was a testament to Taiwan's vibrant democracy. More than eighty percent of eligible Taiwan voters turned out to participate in a free and fair selection of their next President after a vigorous campaign that highlighted a wide range of economic, political and social issues. Although the margin of victory was only one-fifth of one percent and the attempted assassination of President Chen and Vice President Lu marred the election campaign's final days, the people of Taiwan behaved well and with restraint.

In 2000, President Chen said in his inaugural address that so long as the PRC does not intend to use force, he would not declare independence, not change the national title, not push the inclusion of "state to state" relations in the constitution, not promote a referendum to change the status quo on independence or unification, or abolish the National Unification Council (the "five no's.") He repeated the "five no's" during the Presidential campaign. We appreciate and take very seriously President Chen's pledge and his subsequent reaffirmations of it. We do not interpret his victory as a strengthening of the "forces of independence" in Taiwan.

Question. How can the United States partner with Taiwan to advance democracy throughout the region?

Answer. We applaud the success of democracy in Taiwan and the dedication of Taiwan's people to the rule of law. The United States strongly supports Taiwan's democracy and development of an open society under the rule of law. Taiwan is a success story for democracy in Asia and around the world. We feel strongly that others can benefit from knowing more about Taiwan's achievements. We will explore with our friends in Taiwan interested non-governmental organizations how they may be able to promote Taiwan's story to a global audience, and how we can help to make Taiwan's instructive example available to all countries that are attempting to institute democratic reforms and the rule of law.

Question. What specific action has the State Department taken to safeguard Burmese Refugees and Burmese organizations in Thailand from Thaksin's crackdown on Burma's democratic opposition?

Answer. The Bureau of Population, Refugees, and Migration funds UNHCR which provides protection to 140,000 Burmese refugees resident in nine camps in Thailand. UNHCR also issues protection letters to Burmese who are living outside the camps in Thailand who they find to be "persons of concern."

In fiscal year 2003, the United States provided over \$5 million in humanitarian assistance to Burmese refugees in camps in Thailand and over \$3 million for democracy promotion activities, many of which take place in Thailand. Some NGO groups have reported difficulties in operating along the border due to stricter Royal Thai Government policies; the RTG has responded positively when we have raised these issues.

Question. Is Thailand deporting (either formally or informally) Burmese nationals to Burma at a rate of 10,000 per month, as reported by Human Rights Watch? What is the fate of these deported Burmese?

Answer. We do not have figures for the total number of deportations of Burmese nationals by Thai immigration officials. Burmese nationals who are not registered residents of refugee camps are subject to deportation back to Burma, both formally

or informally. Migrants who are informally deported are not returned directly to Burmese authorities; they are taken to the border and released. Many are able to evade Burmese authorities and re-enter Thailand. Those who are formally deported are directly handed over to Burmese authorities and, in some cases, may suffer reprisals. UNHCR works with Thai authorities to ensure that Burmese who have been designated as persons of concern are not formally deported back to Burma. We are looking into recent reports that Thai officials may have deported individuals that UNHCR has designated as persons of concern.

Question. How do you assess the recent actions of the UNHCR in Burma—is UNHCR serving as a forceful champion for Burmese refugees?

Answer. We believe UNHCR is fulfilling its mandate in protecting Burmese refugees. In February 2004, UNHCR entered into an agreement with the Government of Burma to begin initial efforts in the east of the country to create conditions that could eventually allow the voluntary return of 140,000 refugees from camps in neighboring Thailand. UNHCR has repeatedly stated that it will not take part in the repatriation of Burmese to Burma until three conditions are met: "(1) a credible cease-fire agreement between the SPDC and the Karen National Union; (2) the development of an infrastructure in townships that far exceeds current conditions; and (3) an international protection presence set up to monitor continuously any repatriation and integration." UNHCR has underlined that the current situation is not conducive to refugee returns and that it currently seeks only to improve basic health, education, and community services.

UNHCR's access to the eastern part of Burma can serve to increase transparency and offer the outside world a view into events in that region.

Question. Why is the United States initiating refugee resettlement of Burmese refugees, absent a clear understanding with Thaksin's government on the treatment of Burmese in Thailand?

Answer. Since 1990, the USG has been resettling Burmese refugees from Thailand. Initially, the United States and other resettlement countries, such as Canada, Australia, and others, offered refugee resettlement consideration primarily to Burmese students/dissidents who fled to Thailand following the violent suppression of pro-democracy forces in 1988. In addition, over the years the USG has processed other Burmese refugees identified by the United Nations High Commissioner for Refugees (UNHCR) office in Thailand as requiring protection provided by third-country resettlement.

In February 2004, the USG began a resettlement initiative for certain UNHCR-recognized Burmese refugees living in urban areas. In 2003, the Royal Thai Government (RTG) had indicated that it wanted all Burmese refugees to reside in the border camps. For security and protection reasons there are currently some 3,500 Burmese refugees living in urban areas within Thailand. UNHCR proposed to the RTG that these Burmese refugees be processed for resettlement in third-countries. When the RTG agreed, UNHCR referred the first 1,400 to the United States for resettlement processing in February. The first of these refugees approved for United States resettlement arrived in the United States on May 26. UNHCR has indicated that it will refer some 1,500 additional urban Burmese refugees to the United States later this summer. In addition, UNHCR has indicated that it plans to refer several hundred other urban Burmese refugees to other countries that have indicated an interest in participating in this resettlement initiative.

Even though Thailand is not a signatory to the 1951 U.N. Convention on the Status of Refugees or its 1967 Protocol, for decades the RTG has provided temporary asylum to hundreds of thousands of Burmese, Indochinese, and asylum seekers from other countries.

Regarding Burmese refugees in Thailand, in general, Thailand has been a generous host to Burmese asylum seekers. Thailand presently limits temporary asylum to those Burmese fleeing active fighting and we continue to urge the RTG to expand its definition, because of conditions in Burma, and grant temporary sanctuary to any Burmese genuinely seeking protection from persecution or other forms of serious harassment or discriminatory treatment. We also continue to encourage the RTG to accede to the Refugee Convention and its 1967 Protocol.

Question. Does the relocation of these refugees help fulfill the objectives of the SPDC to permanently remove Burmese from the border areas?

Answer. The United Nations High Commissioner for Refugees-led resettlement effort for the urban Burmese is for some 3,500 Burmese refugees who have been living in urban areas in Thailand for years. The 1,400 individuals that the United States has processed to date primarily live in and around Bangkok with a few hundred of these refugee applicants residing in other urban areas in Thailand. These urban Burmese refugees are living entirely separate from the some 142,000 Burmese refugees residing in camps on the Thai-Burma border.

Question. How concerned are you with the reported backsliding of Thailand's democratic traditions—specifically, freedom of the press and human rights abuses?

Answer. The Department's 2003 Thailand Country Report on Human Rights noted that the Thai constitution provides for freedom of speech and of the press, and the Thai Government generally respected these rights in practice; however incidents of harassment and intimidation of journalists continued to occur. Journalists generally were free to comment on governmental activities without fear of official reprisal, although there were attempts by the Thai Government to curb journalists or publications perceived to be critical of government officials or their families. In addition, the media practiced some self-censorship.

The report also concluded that the Thai Government's human rights record worsened with regard to extra-judicial killings and arbitrary arrests. We continue to urge the Royal Thai Government frequently and at high levels to thoroughly and credibly investigate all killings from last year's anti-drug campaign and to bring to justice those responsible for wrongdoing.

We are also following the Thai Government's investigation of the disappearance of noted Muslim human rights lawyer Somchai Ninphajit in March 2004. Thai prosecutors have filed charges against several Thai police officials accused of participating in the disappearance, and a trial is underway.

Question. What is the relationship between Thai King Bhumipol and Prime Minister Thaksin, and are there any indications that the King is concerned with Thaksin's potential business conflict of interests in Thai domestic and foreign policy?

Answer. King Bhumipol, who has been on the throne since 1946, is the head of state and commands enormous popular respect and moral authority. Prime Minister Thaksin Shinawatra took office in February 2001. As the head of government, the Prime Minister consults regularly with the King.

We have no information on King Bhumipol's views on Prime Minister Thaksin's business interests.

Question. What is the status of talks between Armenia and Azerbaijan over the Nagorno Karabakh conflict, and how does the passing of Azeri President Heydar Aliyev impact prospects for reconciliation?

Answer. Heydar Aliyev was a singular figure in the South Caucasus and his death could not help but alter the tone course of negotiations. In fact, the late president's protracted decline in health became an obstacle to negotiations for much of 2003, for the simple reason that he was not physically well enough to be deeply engaged on the issue. However, President Ilham Aliyev has continued both his father's path towards the West and the negotiations between Armenia and Azerbaijan dedicated to solving the conflict over Nagorno-Karabakh. Both sides have agreed the dispute should be resolved peacefully. We are cautiously encouraged that the two sides may each be ready to resume a more regular series of discussions on the matter. In addition to direct negotiations between President Aliyev and President Kocharyan, a recurring series of talks at the foreign minister level has been initiated to explore different settlement modalities.

Question. Does current Azeri President Ilham Aliyev have the political weight and clout of his father to pursue negotiations over the N-K conflict?

Answer. While it is true that the late President Heydar Aliyev had a unique stature in Azerbaijani politics and society, President Ilham Aliyev has shown himself willing and able to continue negotiations aimed at finding a peaceful settlement to the conflict over Nagorno-Karabakh.

Question. Given the strong Congressional interests of parity between Armenia and Azerbaijan, how do you explain the \$6 million difference in FMF assistance to those countries?

Answer. The matter of FMF allocation to Armenia and Azerbaijan is currently under review at the State Department. Armenia and Azerbaijan are each important partners of the United States. The Administration believes that building up Azerbaijan's maritime security capabilities is important in order to prevent the transit of destabilizing contraband or terrorists through the Caspian Sea zone. The Administration's increased FMF request for fiscal year 2005 is aimed, in large part, at countering that threat. FMF will also enhance Azerbaijan's capabilities to participate in international peacekeeping efforts. Azerbaijan currently has peacekeeping troops deployed to Iraq, Afghanistan and Kosovo.

We hope to be able to enhance our security relationship with Armenia in order to do more in the peacekeeping area there. We frequently encourage the Armenian Government to permit closer military cooperation with the United States and to permit the United States to conduct an assessment of its armed forces. It will be difficult to usefully spend more FMF in Armenia until we do a more thorough assessment of Armenia's resources and needs to become more interoperable with United States and NATO forces.

Question. How do you assess Armenia's partnership in the war against international terrorism? How does this compare to Azerbaijan's partnership?

Answer. Armenia is a serious partner in the global war on terrorism. Armenian officials, including the President, regularly speak out condemning terrorism. Armenia has recently modernized its laws to specifically criminalize terrorism. Stronger counterterrorism financing laws are under consideration. Several domestic terror suspects were tried and convicted in 2003. Armenia is a party to 9 of the 12 international conventions and protocols relating to terrorism.

Azerbaijan is also a contributing partner in the global war on terror and has taken significant strides to strengthen its counterterrorism posture. Azerbaijan has joined all 12 international conventions and protocols relating to terrorism, including four for which Azerbaijan's accession was notified after the 2003 Patterns of Global Terrorism report went to press. Azerbaijan has recently accomplished important steps in combating terrorist finance, has rendered terrorism suspects to foreign governments for prosecution, and shown some success in disrupting terrorist networks seeking to transit Azerbaijani territory.

We caution against attempting direct comparisons between any two countries' counter-terrorism efforts, as each faces different challenges in the war on terror and has different capabilities. We refer you to the State Department Report "Patterns of Global Terrorism," which characterizes Armenia and Azerbaijan's cooperation in the global war on terrorism in more depth.

Question. How best can the United States encourage Russia to "stay the course" in the advancement of democracy and press freedoms?

Answer. A historic positive transformation has occurred in Russia during the twelve years since the collapse of the Soviet Union. In the 1990s, Russians acquired basic freedoms, such as expression, religion and the ability to choose their leaders through elections. However, the pattern of official pressure on the independent broadcast media, irregularities in elections, and the arrest and detention of prominent individuals such as Mikhail Khodorkovskiy have raised questions about Russia's commitment to democracy and the rule of law.

In January of this year, I addressed all of these issues directly with President Putin and in an article published in a leading Russian newspaper. I noted in my article that Russia's political system seems not to have found essential balance among the executive, legislative and judicial branches of government. I pointed out that key aspects of civil society, free media and political party development have not yet obtained an independent presence in Russia. While in Moscow, I also emphasized that the United States wants a robust partnership with Russia, but that without a basis of common principles, the United States-Russian relationship will fail to reach its potential.

Through our continued engagement and our assistance programs, the United States has played a key role in supporting the development of a vibrant and diverse range of civil society organizations, independent media outlets and other institutions necessary for democratic values and institutions to flourish. Ambassador Vershbow and our embassy in Moscow actively advocate on behalf of improving respect for human rights, fundamental freedoms, and democratic institutions.

In the current environment, which is less than supportive of these values and institutions, we must continue to engage on the policy front and provide assistance to those in Russia who are pushing harder than ever to advance democracy. Ultimately, it is up to the Russians to determine the kind of political system in which they live, but our support—moral and financial—makes a significant difference.

Question. Is the fiscal year 2005 budget request of \$79.5 million sufficient to support ongoing political and economic reforms in Russia?

Answer. This request is adequate to support critical economic and political reforms. Given the large capital inflows from oil and gas revenues to Russia over the past several years, it is necessary to assess the relevance of our assistance and where it makes a strategic difference. Russia has the capacity to finance economic reforms if it has the political will to do so. We intend to reduce funding for economic programs next year with a goal of phasing-out economic assistance the following year, in 2006. We are concerned, however, that Russia's commitment to democracy and rule of law has come into question. We therefore plan to focus more of our funding on programs that support civil society, independent media, the rule of law and democratic practices.

Question. Given an increasingly tense political environment, is democracy promotion in Russia best handled by the National Endowment for Democracy?

Answer. We share your concern about the political environment in Russia and, particularly in this environment, consider it important to maintain a diversified approach to democracy promotion in Russia that includes a range of partners inside and outside of the country.

NED's grant support to non-governmental organizations (NGOs) in Russia complements the extensive efforts of the U.S. Embassy and USAID to support a wide range of democracy assistance, including promoting open and competitive political processes, an independent media, human rights, tolerance and improved civic participation in local governance. These programs are carried out by such experienced United States implementers as Internews, IREX, NDI, IRI, ABA/CEELI and, increasingly, by Russian partners. The Embassy also provides direct grants for democracy-building initiatives directly through the Democracy Commission Small Grants program (topping out at \$24,000, these are typically smaller than NED grants).

The United States democracy assistance program for Russia is strengthened by the on-the-ground presence of the United States Mission and by coordination in Washington. We believe that the fact that the United States Mission to Russia is directly engaged in democracy assistance sends an important signal to activists as well as to the government. So far, USAID and the Embassy have encountered little explicit resistance from Russian or local federal authorities against these programs. Unless this situation becomes significantly more aggravated, it would be well worth continuing these programs as many of them provide key Russian democracy activists with the only source of domestic or international grant funding available to them at present.

We highly value the contribution made by the National Endowment for Democracy (NED). Indeed, the Department of State has supplemented NED's core funding with FREEDOM Support Act (FSA) funds for Russia since fiscal year 2002. In fiscal year 2004, we will provide \$2 million of FSA funds to NED for work in Russia.

Question. Will the recent political changes in Georgia be taken into consideration for the purposes of additional assistance under the Millennium Challenge Account?

Answer. We hope that the Millennium Challenge Corporation will take into account the changes emerging in Georgia after the Rose Revolution. President Saakashvili has made control of corruption a very high priority: his actions already back up his words. We would support an MCC decision to include Georgia in the eligible countries for fiscal year 2004 funding to underpin the new government's commitments. The decision, however, will be up to the Millennium Challenge Board.

Question. What is your response to the recent decision of Serbian lawmakers to provide Slobodan Milosevic and other war crime indictees—and their families—with financial support and other benefits?

Answer. Our understanding is that the recent law codifies practices that had been in effect in Serbia and Montenegro as a matter of policy. These policies have included support for family members of Serbian defendants who are in the custody of the International Criminal Tribunal for the Former Yugoslavia (ICTY)—allowances for travel, telephone calls, the right to collect wages or pension payments due the indictee, and assistance with the defense expenses of some defendants. Croatia and Bosnia also make such assistance available to ICTY indictees, in order to induce them to surrender and submit to the Tribunal's jurisdiction.

The new law, which has proved very controversial with the Serbian public, is currently under review by the Constitutional Court, and there are strong signals that some of the provisions will be overturned.

In the past, assistance was available only for families of those defendants who had voluntarily surrendered to the Tribunal. It appears that the new legislation would make this assistance available to all defendants who are in The Hague. The Finance Minister, who is opposed to certain provisions in the law, is proposing restrictive regulations to implement the law.

We cannot speculate as to what led the Serbian Parliament to pass this legislation. Rather than focusing on assistance that the Serbian Government might wish to extend to defendants who are already in ICTY custody, our primary concern is that fugitive ICTY indictees, including especially Ratko Mladic, are finally brought to justice before the Tribunal without further delay, a point that the U.S. Government continues to stress in all our meetings with Serbian officials.

Question. "What impact has the removal of HAMAS leader Yassin had on that terrorist organization, and on terrorism against Israel?"

Answer. HAMAS is a designated terrorist organization. There is no question that the group continues to promote violence and instability in the Middle East, and its activities remain a major obstacle to the pursuit of Middle East peace. Following the death of Sheikh Yassin, HAMAS vowed revenge against Israel, as it did following the death of leader Abdel Aziz Rantissi on April 17. Since that time, HAMAS has continued its efforts to operationalize terrorist attacks inside Israel proper. Hamas recently claimed its first successful lethal rocket attack on 28 June, when a Qassam rocket launched from northern Gaza struck the Israeli town of Sderot, killing a 49 year-old man and a 3 year-old child.

ISRAEL/EGYPT

Question. Is the United States considering increased aid to the Palestinians for Gaza after an Israeli withdrawal?

Answer. The United States has devoted significant development and humanitarian resources to the West Bank and Gaza, with nearly \$75 million in Economic Support Funds provided in fiscal year 2004 and another \$75 million requested for fiscal year 2005. Total USAID assistance to the West Bank and Gaza since 1993 is over \$1.3 billion. In addition, in 2004, we are providing \$88 million to the U.N. Relief and Works Agency (UNRWA) general fund for its programs to assist 4.1 million registered Palestinian refugees, 1.6 million of whom live in West Bank and Gaza. The United States remains the largest donor to UNRWA. Also, the United States contributed \$20 million in February 2004 from the President's Emergency Relief and Migration Assistance account to UNRWA's emergency appeal for refugees in West Bank and Gaza, and we are considering another contribution to the appeal.

No decisions have been made about future levels of assistance. In the event of Israeli withdrawal, the United States will join with others in the international community to foster the development of democratic political institutions and new leadership committed to those institutions, the reconstruction of civic institutions, the growth of a free and prosperous economy, and the building of capable security institutions dedicated to maintaining law and order and dismantling terrorist organizations.

Question. Will such increased aid (to Palestinians) be conditioned on Palestinian efforts to eliminate HAMAS and Islamic Jihad terrorism?

Answer. This question has been sent to USAID for response.

The committee notes that no response was received.

Question. What conditionality has been placed on fiscal year 2003 supplemental funding for Egypt (\$300 million), and will similar conditions be placed on the fiscal year 2005 budget request for Egypt?

Answer. We have placed the following conditions on the Government of Egypt for the disbursement of fiscal year 2003 Supplemental funding. These conditions were included in our April 2 Congressional Notification on this topic and were negotiated between our two governments in a cooperative manner. It is worth noting that the disbursement of the supplemental funds is still awaiting final signature on a joint MOU between our two governments.

1. Implement a fully floating exchange rate supported by appropriate monetary policies:

- Re-affirm the government's public commitment to allow banks and foreign exchange bureaus that are in compliance with prudential regulations to freely set exchange rates.
- Commit to increase the efficiency of and reduce distortions in the foreign exchange market under the floating exchange rate regime.
- 2. Improve the business climate and meet WTO obligations:
- Maintain tariffs on apparel consistent with Egypt's WTO obligations.
- 3. Improve transparency and budget deficit:
- Commit to publishing a budget.
- Request and establish a timeline with the World Bank for a Public Expenditures Review.
- Agree to IMF public release of executive summary of the annual Article IV Consultations report through the Public Information Notice (PIN) of the IMF.
- Agree to publish Reports on Standards and Codes by 12/31/04.
- Commit to beginning public release of macroeconomic data, including but not limited to quarterly GDP estimates (with six month lag) and monthly industrial production indices.

The fiscal year 2005 budget request includes an Economic Support Fund (ESF) request of \$535 million. We are focusing our resources on the Middle East Partnership Initiative pillars of economic reform, education, civil society, and women and are determined that our assistance activities reach more Egyptians at the grassroots level.

We have redesigned our cash transfer program, under which ESF disbursements are conditioned on economic reform, to focus on the financial sector, including bank privatization. In education, we are promoting the decentralization of Egypt's education system and integrating proven models of teacher training, local school management, and community and private sector support/involvement. Girls' education, particularly in rural areas, as well as English language training programs, will be a key focus of our activities. We are also planning to devote significant resources for democracy and governance programs that open the public space for debate, support civil society institutions, and promote the respect for rule of law.

Question. How do you explain Egyptian President Hosni Mubarak's seeming reluctance to implement much needed political and economic reforms in Egypt?

Answer. Reform has been a focal point in our bilateral relations with Egypt for several years. We have been cautiously encouraged by several steps the Government has taken including:

- Floating the Egyptian pound,
- Replacing WTO-inconsistent apparel tariffs,
- Creating a National Council on Human Rights,
- Repealing several military decrees,
- Sponsoring a regional conference in Alexandria that issued a bold declaration favoring reform, and
- Public statements by Egyptian officials suggesting the possibility of lifting the Emergency Law.

In addition, President Mubarak has expressed his commitment to reform, highlighting the need to modernize, develop, and reform society in a 14 April speech to the Baker Institute for Public Policy in Texas.

We remain concerned, however, over restrictions on basic political liberties and religious rights, treatment of prisoners including routine use of torture, and continued reliance upon the Emergency Law. The Emergency Law allows the state to arrest and detain suspects without trial for prolonged periods and refer civilians to military courts. We continue to stress the need for reform to our Egyptian counterparts and emphasize that true stability will only result from a free and open society where citizens' rights are respected.

Question. Has the Egyptian Government actively undermined the President's Greater Middle East Partnership Initiative (GME), and what role did it have in, if any, in scuttling the Arab Summit in Tunisia last month?

Answer. Like other countries in the region, Egypt has stressed that reform cannot be imposed from the outside, but must come from internal dialogue and debate—a principal we strongly support. Egypt has worked to this end, sponsoring a regional conference in Alexandria that issued a bold declaration favoring reform, and engaging in a national dialogue with some of the major opposition parties. The Egyptian Government acknowledges the need for reform in Egypt and the Middle East and has played an important and constructive role in ensuring that the Arab League takes up the issue of political and economic reform.

When the Government of Tunisia cancelled the Arab Summit meeting on 28 March, Cairo immediately offered to host the Summit if Tunisia was unwilling. From 8–10 May, Egypt hosted the Arab League foreign ministerial that agreed on a rescheduled date of 22–23 May for the Summit. Egypt has and continues to play a constructive role on Arab League issues.

Question. Will the Administration be able to renegotiate foreign assistance agreements with Egypt to ensure that they do not have veto power over the use of taxpayer funds?

Answer. The Government of Egypt (GOE) and the USG jointly agree every year on the use of aid dollars. Our assistance program is codified in our bilateral Treaty agreement with the GOE; something that we do not believe should be changed at this time. Such joint decision-making has been the principle and practice of this assistance since the beginning of our program with Egypt more than twenty years ago. This program, rooted in the Camp David Accords, has achieved many benefits for the United States and Egypt and is one whose programs are continually evolving.

Our most recent discussions with the GOE, held in November 2003 on the topic of a new Democracy and Governance assistance funding, were frank and are ongoing. In 1998, we negotiated funding changes to the assistance program. These discussions were always held in a productive atmosphere with GOE officials. If changes are to be made to the program, we are confident that we will have an engaged partner. However, a full renegotiation of the agreement would require changes to the Accords—a difficult and costly exercise to implement.

The GOE does not hold a veto over U.S. Government assistance to Egypt. This is evidenced by the fact that we have just completed a review of the assistance program that intends to advance new program initiatives in the areas of economic reform, democracy and governance, health, education, and the environment, among other areas. Changes to the formulation of our assistance program for Egypt do not inhibit us from making these initiatives, and despite some GOE resistance to some of our proposals we have been and will continue to discuss these proposals in detail with the GOE.

Question. Do you agree that the failure of the Egyptian Government to provide basic freedoms—including that of association—strengthens the ability of extremists to recruit from disaffected segments of society that have no role or voice in domestic politics?

Answer. Islamic terrorist movements suppressed by the Egyptian Government in the 1980s and 1990's were not seeking an agenda of greater political inclusiveness. While the core of extremist movements consists of people who are committed to a radical ideology, disaffected segments of society are vulnerable to manipulation. The Egyptian Government has called for greater political and economic participation to counter extremists' influence, and the National Democratic Party has led a campaign to encourage youth to become involved in government. We are working with both the Government and NGOs to design programs to strengthen civil society and the rule of law in Egypt, a result of which may be greater public confidence in the political system, and accordingly, reduced appeal of extremist groups.

Question. Are we making any progress at all with the Egyptians in reducing the unending vilification of America, Israel and Jews in their official and semi-official media?

Answer. Since the onset of the second Intifada in September 2000, there has been an increase in anti-Semitic material published in the Egyptian media. We have raised regularly our concerns over anti-Semitic material in the official GOE media with Egyptian officials, and welcomed Presidential Adviser Osama Al-Baz's repudiation of anti-Semitism as a vehicle for protesting policy differences with Israel. Our Ambassador in Egypt, David Welch, has taken an active role in protesting biased media coverage, calling on the press to present well-researched and factually accurate arguments, not those perpetuating anti-Semitic slurs, rumors or unsubstantiated conspiracy theories.

Question. How do you account for Qaddafi's recent willingness to cooperate with the West on a range of issues—including weapons of mass destruction?

Answer. No one factor or any isolated event suffices to explain Libya's recent judgments. The record of negotiations reflects a new seriousness and intensity among Libyan negotiators following September 11 and in the build-up to Operation Iraqi Freedom. The interdiction of the ship "BBC China" through President Bush's Proliferation Security Initiative may also have been a factor in Libya's decision. But the Libyan government has recognized the economic and security advantages of improving relations with the United States and others and had been edging slowly away from its destructive and futile past policies for some time.

Question. What role did Qadhafi's son Saif Al-Islam have in shifting Libya's direction, and what role does he have in the future of Libya? What are his reform credentials?

Answer. It's not clear how much of a role Saif Al-Islam plays in the direction of Libyan policy. Officially, Saif Al-Islam holds no position within the government. In practice, his familial association translates into some degree of influence. Saif Al-Islam heads the Human Rights Society of the Qadhafi International Foundation for Charity (The Qadhafi Foundation). In this capacity, Saif Al-Islam was involved in the discussions between the Foundation and the French victims' association that led to a compensation settlement with French parties in the UTA bombing. Saif Al-Islam facilitated the visits of several United States Congressmen to Tripoli earlier this year. He has not participated in the U.S./UK discussions on WMD with Libyan officials, nor our bilateral dialogue on political and economic relations.

There is no established rule of succession in Libya. We cannot judge whether Saif Al-Islam has a future political role in Libya.

Question. Will the United States provide assistance to Libya for the destruction of its chemical weapons stockpile?

Answer. Libya has not made a direct request to the United States for assistance in the destruction of its CW stockpile, although at the March 23–26, 2004 meeting of the Executive Council to the Organization for the Prohibition of Chemical Weapons, the Libyan Representative stated that Libya hopes to receive technical and financial assistance from the international community. The United States Government has not ruled out such assistance. We are encouraging United States companies who have expressed an interest and have expertise in destruction of CW to initiate contact with the Libyan Government.

Question. Does Libya provide an example of the value of sanctions in addressing a hardline regime?

Answer. Economic sanctions against Libya—which included a U.N. sanctions regime, adopted by the Security Council, as well as sanctions imposed under U.S. laws—were sustained for a number of years. Over time, in addition to their economic impact, they contributed to creating a sense of international isolation for Libya. A desire to end that isolation and rejoin the world community was one element in bringing about the dramatic changes of policy that we have seen in Libya.

Question. How much have events in Iraq precipitated change in Libya and throughout the region?

Answer. There can be no doubt that United States resolve to see international law and more than a dozen U.N. Security Council resolutions upheld in Iraq have had a profound impact on the region, including on the dramatic decision by Libya's Moammar Qadhafi to give up his weapons of mass destruction.

In Libya's case, other factors also played a role, including the sanctions regime, years of tough diplomacy, and United States and UK intelligence efforts to uncover the details of Libya's WMD efforts. It is also important to note that the courage and tenacity displayed by the families of the Pan Am 103 victims helped to persuade Libya to fulfill the requirements related to Pan Am 103, including transfer of the two suspects and renunciation of terrorism.

Question. How alarmed should we be with Iran's construction and assembly of centrifuges used to enrich uranium at Isfahan, and at Iran's attempts to frustrate the work of the International Atomic Energy Agency?

Answer. We are very concerned about Iran's nuclear program, including its construction and assembly of centrifuges for its uranium enrichment program, because we believe Iran's nuclear program is directed towards developing nuclear weapons. In his four reports on Iran over the past year, the IAEA Director General has documented eighteen years of clandestine nuclear activities, conducted in violation of its NPT safeguards obligations, including undeclared uranium enrichment and plutonium separation experiments, as well as experiments with such weapons-related materials as uranium metal and polonium-210. Dr. ElBaradei also documented Iran's efforts during that period of time to systematically and willfully hide its clandestine efforts from the world.

Iran claims it needs to develop indigenous uranium enrichment capability for its nuclear power program. However, Iran already has a guaranteed external fuel supply for the one power reactor currently under construction at Bushehr. More importantly, Iran has no need for nuclear power to meet its indigenous power requirements. Indeed, Iran has some of the largest petroleum and gas reserves in the world. Moreover, Iran does not have sufficient known uranium reserves to support a civilian nuclear power program. It has more than enough uranium, however, for a nuclear weapons program. Iran's troubling, confirmed history of serious safeguards violations, and of long-term deception and denial regarding those efforts are clear indicators of an intent to develop a nuclear weapons capability under the cover of a peaceful nuclear energy program. We urge Iran to abandon its pursuit of sensitive nuclear fuel cycle capabilities and of nuclear weapons capabilities. We are undertaking intensive diplomatic efforts aimed at achieving those goals.

Question. How close to completion is their [Iran's] enrichment facility?

Answer. As a result of the intense international spotlight on, and rigorous IAEA investigation of, its nuclear activities, Iran has declared the existence of a number—but likely not all—of its facilities involved in its uranium conversion and enrichment programs. However, Iran's drive to develop the entire nuclear fuel cycle is complex and is not centered in a single facility. Furthermore, there are lingering suspicions Iran has not declared the full extent of its nuclear program. Iran has announced its intention to begin operations at its Esfahan uranium conversion facility. We believe testing this facility is not consistent with Iran's repeated pledges to suspend enrichment-related and reprocessing activities. The production of uranium compounds used to produce feedstock for enrichment would be an unacceptable step towards actual enriched uranium operations.

Further along the fuel cycle, Iran has pledged to the IAEA to stop assembling centrifuges at the pilot fuel enrichment plant at Natanz, though construction of that facility and at the larger Fuel Enrichment Plant (which is being buried underground at the same site), appears to be proceeding rapidly. The IAEA continues to investigate the source of uranium contamination found on centrifuges at Natanz and elsewhere. The DG's February 2004 report to the IAEA Board revealed that Iran had not declared to the IAEA its possession of more advanced "P-2" gas centrifuge designs. The DG's February report also noted advances in Iran's capability to manufacture domestically a range of centrifuge components, including at a number of workshops controlled by the Iranian military, a troubling revelation. Until the IAEA concludes its investigation of Iran's centrifuge enrichment program, an investigation that we anticipate will need to continue for the foreseeable future, it is difficult to assess more precisely its current state of development.

Iran has also experimented with laser enrichment techniques that have not been found to be commercially viable in other countries. A proliferator is not interested in making enrichment profitable; therefore, such techniques could be attractive for use in a covert weapons program. The IAEA's investigation of Iran's laser enrichment program is ongoing.

In short, we do not know precisely how close Iran is to having an indigenous capability to enrich uranium, largely due to Iran's refusal to cooperate fully with the

IAEA and because of lingering suspicions Iran has not declared the full extent of its nuclear program. However, we are working closely with other members of the IAEA Board of Governors to ensure that the IAEA and the IAEA's Board continue to exert the fullest possible pressure on Iran to cooperate fully.

Question. The EU said it will not go forward with a new Trade and Cooperation Agreement with Iran until its nuclear program has been determined to be peaceful—how seriously does the EU take the threat of a nuclear-armed Iran?

Answer. The EU shares our concerns about the threat of Iran acquiring nuclear weapons capability. The EU has consistently called on Iran to cooperate fully with the IAEA and comply fully with its nonproliferation obligations. EU member states serving on the IAEA Board of Governors have supported three resolutions adopted unanimously calling on Iran to cooperate with the IAEA and declare all its nuclear activities in order to allow the IAEA to verify whether Iran's nuclear program is exclusively peaceful in nature. But EU states have not supported reporting Iran's documented noncompliance with its NPT safeguards agreement to the U.N. Security Council.

The Foreign Ministers of France, Germany and the U.K. (the EU-3) reached agreement with Iran during their October 21, 2003 visit to Tehran that Iran would suspend “all enrichment-related and reprocessing activities as defined by the IAEA” and would sign the Additional Protocol and commence ratification procedures. In exchange, the EU-3 agreed to take a number of future steps, including providing Iran easier access to technology. Iran signed the AP December 18, 2003, but has taken no significant steps toward ratification. Despite a follow-up agreement with the EU-3 on February 23 aimed at reaffirming its pledge, Iran has continued to flout its pledge to suspend enrichment-related and reprocessing activities, most recently announcing the imminent startup of its uranium conversion facility. The EU-3 continues to press Iran to meet its promises.

We continue to work closely with the EU to reach our common goal of preventing Iran from acquiring a nuclear weapons capability.

Question. What impact has the opening of Iraqi society—including greater freedom for women—had in Iran, and are there any indications that Iranian youth have increased calls for change?

Answer. The status of Iranian women is complicated; they enjoy some freedoms—such as the right to vote and to run for public office—not permitted in neighboring states, and they are permitted to work and occupy many positions of responsibility in society, including in the President's cabinet. However, they are also subject to draconian edicts from Iran's theocracy that severely limit other freedoms.

There has been no clear public reaction by younger Iranians to developments in Iraq. However, Iranian Kurds took to the streets in demonstrations following promulgation of the Transitional Administrative Law in Baghdad. Iranian Kurds seek greater freedom to use their language and express their cultural identity. They have observed developments in Iraq with great interest.

With the support of the special Congressional approval provided in the 2004 Foreign Operations Bill, we maintain a very active public diplomacy program to expose Iran's behavior through public statements by USG officials, Radio Farda and VOA broadcasts, and the State Dept's Persian website. In addition, we are actively exploring opportunities to promote democracy activities within Iran, in accordance with fiscal year 2004 congressional authorization.

We continue to support the Iranian people in their quest for freedom, democracy, and a more responsible, transparent, and accountable government that will take its rightful place as a respected member of the international community.

Question. What has Iran's response been to the provision of U.S. humanitarian relief following last year's earthquake in Bam, Iran?

Answer. This question has been sent to USAID for response.

The committee notes that no response was received.

Question. Has the administration made a determination on sanctions against Syria, as required by the Syrian Accountability Act (Public Law 108-175)?

Answer. The President of the United States signed the bipartisan SAA (the Act) on December 12, 2003. Our goal is to implement the Act to demonstrate United States resolve to address the Syrian government's support for terrorist groups, its continued military presence in Lebanon, its pursuit of weapons of mass destruction, and its actions to undermine United States and international efforts with respect to the stabilization and reconstruction of Iraq. We are still conferring within the State Department as well as with other agencies on the possibilities, as laid out in the Act, to best achieve that goal.

Question. Has Syria made any progress in ceasing support for terrorist groups, developments of weapons of mass destruction, and facilitating terrorist activities in Iraq?

Answer. Though Syrian officials have publicly condemned international terrorism and Damascus has cooperated with the United States and other foreign governments against al-Qaida, the Taliban, and other terrorist organizations and individuals, the Syrian Government continues to provide support and safe haven to many terrorist groups. HAMAS, Palestinian Islamic Jihad (PIJ), the Popular Front for the Liberation of Palestine (PFLP), and the PFLP—General Command (PFLP-GC) maintain a Syrian Government-sanctioned presence in Syria. Several of these groups claimed responsibility for anti-Israeli terrorist acts in 2003. Hezbollah continues to operate freely in Syrian-controlled areas of Lebanon and the Syrian Government has taken no steps to end Iranian re-supply of Hezbollah in Lebanon using Syria as a trans-shipment point.

Syria continues to develop its WMD capabilities. With one of the most advanced Arab-state chemical weapons capabilities, it is highly probable that Syria is also developing an offensive biological weapons capability. Syria maintains an inventory of Scud and SS-21 short-range ballistic missiles and devotes significant resources to its ballistic missile program; it is believed to have chemical warheads available for a portion of its Scud missile force. Syria has not volunteered to have its suspected weapons sites inspected by the international community. We remain concerned about Syria's nuclear research and development program and continue to watch for any signs of nuclear weapons activity. Syria has not yet signed the International Atomic Energy Agency's Additional Protocol.

Since the end of major combat operations in Iraq, Syria has made some efforts to tighten its borders with Iraq to limit the movement of anti-Coalition foreign fighters into Iraq. Nevertheless, Syria remains a preferred transit point for foreign fighters entering Iraq. The existence of these smuggling networks reflects, at a minimum, some Syrian border guard complacency or complicity with foreign fighters despite government assurances of counterterrorism assistance in Iraq.

Question. How many Syrian troops remain in Lebanon following its invasion in 1976, and does Syria's support for Hezbollah continue to be robust?

Answer. Approximately 15,000–20,000 Syrian troops remain in Lebanon. Syria also maintains a robust intelligence network within Lebanon. In addition, Syria maintains ties with Hezbollah, including serving as a transshipment point for resupplying Hezbollah in Lebanon.

Question. How can Syria justify its continued occupation of Lebanon after the Israeli withdrawal in 2000?

Answer. The Syrian and Lebanese Governments argue that Syria's continued military and security presence in Lebanon is at the request of the Lebanese government. However, the United States continues to insist that the Syrians withdraw from Lebanon consistent with the spirit of the 1989 Taif Accords, which call for the extension of Lebanese government control over the entire territory of Lebanon. The Lebanese Army should deploy throughout the country in conjunction with the negotiated withdrawal of Syrian military and intelligence personnel.

Question. Do you support the Subcommittee including authority in the fiscal year 2005 bill to conduct democracy programs in Syria?

Answer. We support the inclusion of any authorities and allocations that would allow us to work with civil society groups and conduct democracy programs in Syria.

Question. To what extent is Syria aiding and abetting terrorism in Iraq?

Answer. Syria's President Asad publicly indicated his willingness to take part in stabilization and rebuilding efforts in Iraq. However, Syria has taken no steps to transfer frozen Iraqi assets in Syrian banks to the Development Fund for Iraq as required pursuant to United Nations Security Council resolution 1483.

Since the end of major combat operations in Iraq, Syria has made some efforts to tighten its borders with Iraq to limit the movement of anti-Coalition foreign fighters into Iraq. Nevertheless, Syria remains a preferred transit point for foreign fighters entering Iraq. The existence of these smuggling networks reflects, at a minimum, some Syrian border guard complacency or complicity with foreign fighters despite government assurances of counterterrorism assistance in Iraq.

Question. The Administration has proposed increasing the personnel caps for Colombia from 400 U.S. civilian contractors and 400 U.S. military personnel to 600 and 800 respectively.

Does the fiscal year 2005 budget request for Colombia include sufficient funding to expand the caps—particularly for civilian contractors?

Answer. We have carefully reviewed the fiscal year 2004 appropriations and the proposed fiscal year 2005 budget request and, as a general response, believe that both include sufficient funding to expand the personnel caps for U.S. military personnel and U.S. citizen civilian contractors in support of Plan Colombia.

Enclosed for your information are detailed charts which show our intended increases, if the ceilings were raised, and how they will be funded. They also provide

a breakdown of the numbers of contractors; the contractor's parent company; which agency employs the contractors and the services the contractor would provide.

The Administration is seeking an increase in the caps for several reasons, as described in more detail by Assistant Secretary Paul V. Kelly in his letter of March 16. To review briefly, a cap increase is needed because some of the programs authorized by Congress are only now coming fully on line and there are also additional programs developed since the ceilings were established, such as the anti-kidnapping initiative and the Air Bridge Denial program. Most importantly, however, we believe that an increase in the military and civilian contractor support provided to the Government of Colombia during the next two years is essential to sustain the current progress being made by our programs in Colombia.

While we are seeking an increase in the civilian cap of 200, it is estimated that the immediate need is for only an additional 93 contractors.

In addition, we would emphasize three important points:

- No U.S. military personnel or U.S. citizen civilian contractors would be assigned to Colombia in the absence of necessary funding being available for that purpose.
- The requested increase for civilian personnel ceilings does not indicate that we intend to have 600 contractors in Colombia full-time. In 2003, the number of U.S. citizen civilian contractors varied from 246 to 400. During the period from January 1, 2004 through April 8, 2004, the overall number of U.S. citizen civilian contractors in support of Plan Colombia was between 279 and 396. There are variations due to personnel rotations and because individual programs and projects are initiated, expanded or reduced, and completed.
- An increase in the cap will help alleviate difficulties and management inefficiencies that arise when several agencies are trying to bring additional personnel into Colombia at the same time and one group has to wait at the Miami airport until a sufficient number of others have departed. In some cases, the ceilings have constrained us from the full implementation of already funded programs.

COLOMBIA CAP INCREASE

Total Additional U.S. Citizen Civilian Contractor Positions: 93

Note: These charts illustrate expected increases by office or agency in U.S. citizen civilian contractors in support of Plan Colombia, contingent upon Congressional approval to increase the personnel ceiling. Actual dates will be dependent upon such approval, program developments and personnel availability.

Department of Justice (DOJ): Total Requested Increase—6

DOJ is currently funding its present contractors and Coast Guard investigators through existing programs, but had reduced program implementation to meet the cap restrictions. If the increase is approved, DOJ plans to raise the number of contractors from six to twelve within one month, with presently available funds. These additional contractors are identified under the chart below, but their actual presence in Colombia will be TDY on an as-needed basis.

DOJ JUSTICE SECTOR REFORM PROGRAM (OPDAT, ICITAP, USMS) CHART

	Month 1
UNYSIS:	
Programmer	1
Prog Mgr	1
IBM:	
Programmer	1
Prog Mgr	1
U.S. Coast Guard: Criminal Investigators	2
Total	6

U.S. Agency for International Development (USAID): Total Requested Increase: 12

The increase of 12 contractors has already been included in USAID plans and budget projections, through available fiscal year 2003 and programmed fiscal year 2004 funding. Because of the contractor personnel ceilings, USAID has not been able to fully implement planned programs. The increase, if approved, should allow full implementation of all USAID programs. Four contractors would be assigned permanently to Colombia while eight would be short-term.

USAID CHART

	Month			
	1	2	3	4
ARD/CAPP (Agri-business Development):				
Chief of Party	1	1	1	1
Contracts/Grants	1	1	1	1
Subject Area Expert	1	1	1	1
Chemonics CAD (Alternative Agricultural Development): Subject Area Expert	1	1	1	1
Chemonics (Commercial Forestry): Subject Area Expert	1	1	1	1
Trade and Investment: Economists	3	3	3	3
Program Design Team: Program Development Officers	4	4	
Total	1	12	12	8

MILITARY GROUP (Milgroup): Total Requested Increase: 40

The increase for DOD civilian contractors assigned to the Milgroup of the U.S. Embassy is to meet additional needs in the area of logistics, communications, intelligence aircrews, helicopter specialists, construction specialists, radar operators, and military operations specialists. The breakdown of increased contractors would be 23 permanent and long-term additions and 17 recurring TDY personnel. Funding is expected from reprogrammed fiscal year 2004 funds and requested additional funding for fiscal year 2005. DOD will employ all companies listed. The chart below depicts four months of additional civilian contractors in the Milgroup. The number of permanent and long-term TDY contractors in any given month will be 23 additional personnel (depicted in both sample months). In any given month there could be an additional seventeen short term TDY contractors (depicted in the alternate sample month). At any given time the maximum increase will be 40 additional contractors, and the minimum increase will be 23 additional contractors.

MILGROUP CHART

	Month	
	1	2
Lockheed Martin (Parent Company):		
Property mgmt specialist	1	1
Fuel mgr	1	1
Airlift coordinator	1	1
Supply specialist	1	1
Marine logistics specialist	1	1
MANTECH (Parent Company):		
Automation techs	3	3
Network techs	3	3
Northrop Grumman (Parent Company for CSS aircraft):		
Pilots	2	2
Mechanics	2	2
Tech operator crewmembers	2	2
LSI/Dragoon Technologies (Parent Companies for MARS III aircraft):		
Pilots	2	2
Mechanics	2	2
Tech operator crewmembers	2	2
BDI/Ken Hornsby/Don Carlos (Parent Design Companies contracted by Corps of Engineers):		
Architects	2
Electrician	1
ITT (Parent Company):		
Radar operators	3
Radar mechanics	2
Lockheed Martin (Parent Company):		
Helo mechanics	3
Quality/product control specialists	2
Bailey Allen (Parent Company): Military operations specialists	2
Syntex (Parent Company): Comms specialists	2
Total	40	23

Narcotics Affairs Section (NAS): Total Requested over the Cap: 35

Funding for all contractor positions under the Embassy NAS were included in the contract cost budget estimates for each program when developing annual budget submissions. For the DynCorp contract, funding for the increased positions has already been obligated into the contract. For the ARINC contract, funds will be added in July during the next contract extension and when fiscal year 2004 funds are available. DynCorp positions are rotational, so although the overall numbers of required contractors will increase, not all will be in the country at the same time.

NAS CHART

	Month					
	1	2	3	4	5	6
DynCorp:						
Intel	2					
Sec/Med	1					
Safety	2					
Helo		1	1			1
GIS		1				
QC Inspector		1				
OV-10 Pilot			2		2	
Ops Coord			1			
ISS Ops Co			1			
OV-10 Mech				1		
C-27 Mech				1		
Metal Adv				1		2
ALSE					2	
ISS Sec					1	
ISS Planner						1
ARINC:						
ASM	2	1	1			2
GSM	2					
Maint		1	1			
Total	9	5	7	3	5	6

See position descriptions below:

DynCorp—Eradication, COLAR Aviation, ISS Contractor

Security / Medical Coordinator (1)

Position requires extensive security and medical experience as well as management experience in the field to complement the coordination duties. While we have been able to find some third-country nationals (TCN) who qualified for Search and Rescue (SAR)/Medical Technician roles, none have had management experience to qualify for coordinator.

Intelligence / Mission Planners (2)

Security clearance requirements preclude non-U.S. citizens from these positions. The positions coordinate intelligence information from various sources in Colombia and use the information to assist in mission planning.

OV-10D Pilots (4)

Through experience, the vast majority of pilots that can qualify in the immediate future for the OV-10 are U.S. citizens. We have been able to recruit only a very limited number of TCN and local national (LN) personnel because of the experience and skill levels required accomplish the mission.

Rotary Wing Pilots (3)

As with the OV-10D, for the immediate future, the required education and experience levels have historically lead to the vast majority of the pilots being U.S. citizens.

Assistant GIS Coordinator (1)

This position coordinates Geographic Information System data, which requires a security clearance, precluding TCN or LN candidates.

OV-10D Mechanics (1)

These mechanics are responsible for all maintenance of the OV-10 aircraft in Colombia, which requires stringent training, experience, and licensing requirements. The aircraft are old and we have some difficulty finding personnel with direct experience on the aircraft. Few non-U.S. citizens possess the skills and experience that would allow the re-training, although we are training Colombian nationals.

Lead C-27 Mechanic (1)

This position is assigned to Bogotá and coordinates all maintenance on the C-27 fleet in Colombia. The training, experience, and licensing requirements preclude a non-U.S. citizen from this position.

Sheet Metal Technical Advisors (3)

These positions require highly technical skills with a variety of specialized equipment. Our experience has shown that a sufficient pool of personnel with the skill levels required is not available to fill these positions with non-U.S. citizens.

Safety Specialist (2)

These positions are responsible for planning, training, and monitoring program safety programs, which requires an extensive amount of training and experience. Our experience is that the only personnel that have the required levels are ex-U.S. military personnel.

Operations Coordinators (1)

These individuals coordinate with various agencies and groups at Forward Operating Locations (FOLs) to plan and execute missions. Experience has shown that the management and experience necessary to accomplish this mission comes from a military background. Additionally, the vast majority of qualified candidates have been U.S. citizens. However, extensive recruiting has led to the hiring of some of the positions to be filled with local nationals.

Aircrew Life Support Equipment (ALSE) Technician (2)

This position maintains equipment such as vests, night vision goggles and other systems associated with aircrew flight operation. The position requires highly technical skills with a variety of specialized equipment. Our experience has shown that it is difficult to find the skill levels required to fill these positions with non-U.S. citizens. However, we have been able to recruit some local nationals with the appropriate training and experience to fill some of the positions.

Quality Control Inspector (1)

This position monitors maintenance carried out on the aircraft. Quality Control personnel generally begin as mechanics and through many years of experience and training, progress into the Quality Control specialty. This type of aviation program is still a relatively new endeavor in Colombia, and the experience levels of maintenance personnel are still growing. While there has been some success in elevating Colombian nationals to Quality Control positions, it is more usual that any given position would have to be filled with a U.S. citizen.

ISS Operations Coordinator (1)

This individual will coordinate with various agencies and groups at the Saravena FOL to plan and execute missions for the Infrastructure Security Program. Experience has shown that the management and experience necessary to accomplish this mission comes from a military background. Additionally, the vast majority of qualified candidates have been U.S. citizens.

ISS Security/Medical Coordinator (1)

Position requires extensive security and medical experience as well as management experience in the field to complement the coordination duties. While we have been able to find some third-country nationals (TCN) who qualified for Search and Rescue (SAR)/Medical Technician roles, none have had management experience to qualify for coordinator.

ISS Tactical Mission Planner (1)

This position will work in conjunction with the ISS Operations Coordinator to ensure that missions are planned with security and safety in mind and with clear objective. Experience has shown that the tactical, security, and safety requirements for the position limit the pool of non-U.S. citizens that can perform this job.

*ARINC—Air Bridge Denial Contractor**Air Safety Monitors (6)*

Air Safety Monitor (ASM) positions must be U.S. citizens. These are the individuals who fly in the aircraft or work at the FAC command center as the USG representative and require a U.S. security clearance. Once all seven aircraft are in service, there will be 11 ASMs. This is based on the current trends of flying one or two day-sorties and one night-sortie. If the operational tempo rises above that, we will have to increase the number to two ASM (14 total) per aircraft.

Ground Safety Monitors (2)

We have a requirement for one Ground Safety Monitor (GSM) and an operations officer. Starting July, due to the increased number of aircraft we will need two GSMS around the clock, which will require five persons in addition to the operations officer.

U.S. Maintenance Personnel (2)

We have only two maintenance personnel who are U.S. citizens. They are the only contract maintenance personnel that can fly the aircraft and have to be available 24 hours a day. We add one C-26 at the end of June, a Citation sometime August-September, another C-26 in September, and the last Citation sometime December. The number of U.S. citizen civilian contractors will increase to four as we get more aircraft.

Question. To what extent was the Aristide Government involved in narcotics trafficking?

Answer. The Department of Justice/DEA is conducting an investigation of drug trafficking in Haiti and all questions relating to criminal allegations against the Aristide Government should be directed to them.

Question. Did Aristide personally profit from the drug trade, as alleged by a former Aristide confidant in a BBC news story?

Answer. Any criminal allegations against former President Aristide are solely within the purview of the Department of Justice/DEA and questions should be directed to them.

Question. Are any United States or Haitian investigations of former President Aristide ongoing that includes complicity in narcotics trafficking? Will Haitian authorities investigate the former President for any alleged drug trafficking activities?

Answer. The Department of Justice/DEA is conducting an investigation of drug trafficking in Haiti. Questions relating to allegations against former President Aristide should be directed to them.

Question. Did Aristide's efforts at placing his loyalists in key positions—and his curtailing of the ability of the police to function—facilitate the trafficking of narcotics into the region and the United States?

Answer. The placement of Aristide loyalists in key positions in the Haitian National Police—many of whom were unqualified—relegated U.S.-trained officers to secondary positions and further undermined the effectiveness of an organization already weakened by a chronic lack of resources. As to whether or not the Aristide loyalists were themselves involved in drug trafficking, the question should be directed to the Department of Justice/DEA which is conducting an investigation into drug trafficking in Haiti. Certainly, there were no efforts to curb drug-related corruption nor prosecutions or convictions of government and HNP officials involved in drug trafficking during Aristide's tenure in office.

Question. The March 2004 INCSR states: “On October 5, 2003, a twin-engine Aztec aircraft landed near Cap-Haitien and offloaded 500 kilograms of cocaine. The Secretary of Public Security refused to take action to apprehend three traffickers lodged at the Continental Hotel until DEA pressure forced their arrest. Witnesses have often observed light aircraft landing with drug cargoes on route 9 in Port-au-Prince. Typically, HNP officers will block traffic and help with off-loading and ground transport.”

Were concerns with this incident ever brought to the direct attention of President Aristide? What actions if any, did he personally take to prevent drug trafficking activities within the HNP? To the best of your knowledge, was there ever a reorganization of the HNP by President Aristide to address corruption and/or drug trafficking within the HNP?

Answer. The Embassy repeatedly expressed its concern about drug-related corruption to President Aristide and other officials of his Administration. With the exception of the expulsion of Jacques Ketant and three other drug traffickers, President Aristide took no significant actions to prevent drug trafficking activities nor did he undertake a reorganization of the HNP to address corruption and/or drug trafficking within the HNP. On the contrary, the appointment of his loyalists to key leadership

positions in the HNP exacerbated the problem of corruption and hindered the ability of the organization to effectively undertake counterdrug efforts.

Question. What additional assistance requirements do you anticipate for Haiti, and how will these needs be addressed?

Answer. We plan to provide additional assistance through USAID in the amount of \$65.481 million (\$4.0 million in Development Assistance and \$61.481 million in Economic Support Funds). We will send a Congressional notification soon on the planned use of the additional funds.

The additional ESF would provide immediate budget support to the interim Haitian government for operational expenses, emergency rehabilitation needs, and current debt service payments; protection for the interim president; funding to stand up and train an anti-corruption unit to effectively monitor all ministries of the Haitian government; technical assistance to the Finance Ministry to help with government revenue management; short-term and long-term technical assistance, equipment and training to strengthen the Haitian customs service and port operations; and other assistance to the Ministries of Justice, Agriculture, and Public Works. ESF will also support the repair of facilities and purchase electricity for vital government services and areas receiving less than two hours of electricity a day; support election planning and oversight; and training of judges and prosecutors.

The additional Development Assistance (DA) funding will initiate short-term job creation programs to build infrastructure that will, in turn, spur growth. One immediate action will be to provide jobs and training to marginalized urban youth and former gang members to clean up the urban environment. Activities will also be developed to rehabilitate schools and improve basic infrastructure such as irrigation, canals, roads, bridges, and wells. Other short-term employment will be in critical areas of public services such as garbage collection, water and sanitation, and road repair.

This \$4.0 million of DA and \$61.481 million of ESF is additional to (1) USAID's original programmed fiscal year 2004 level of \$52.4 million and (2) the additional funds that had been previously notified to Congress, including \$3.3 million in Child Survival and Health Funds, \$3.5 million in Transition Initiatives funding, \$3.5 million in Disaster Assistance, and \$1.0 million ESF for civilian police development and election support.

In addition to the originally programmed \$24.7 million of Public Law 480 food assistance for fiscal year 2004, an additional \$7.0 million of food assistance will be used for humanitarian assistance.

The total U.S. Government assistance package for Haiti for fiscal year 2004, including funding from all accounts, will be \$160.0 million.

Question. Given Romania's recent entry into NATO and support in Afghanistan and Iraq, what action is the Administration considering to strengthen United States-Romanian bilateral relations?

Answer. Long at Europe's periphery, Romania now is at the heart of Europe's transition and America's policy goals in Eurasia. Bilateral relations are stronger than ever before. Our political dialogue is high-level and frequent; United States and Romanian soldiers are fighting side by side in Iraq and Afghanistan; we are working together to promote stability and security in the Caucasus and Black Sea; and Romania's accession to NATO and a rotating seat on the U.N. Security Council this year offer new avenues for expanded partnership. The United States must continue to place a high priority on building on our recent successes, and press Romania to move ahead in key areas of reform.

Romania faces many challenges in the years ahead. Corruption is endemic, undercutting attempts to attract more foreign investment and pervading the daily lives of ordinary Romanians. The judicial system and public administration are in dire need of reform and reports of attacks on independent journalists have been on the rise. As Romania prepares for EU membership, planned for 2007, it will need to tackle these issues with increased vigor, and the United States must stand ready to help in any way it can to support Romania's aspirations to fully integrate itself with the West. Greater attention to these areas is equally critical to the long-term strength of the United States-Romanian partnership. One way we can contribute to meeting these goals is through the continued assistance provided to Romania through our Support for East European Democracy (SEED) program.

United States assistance to Romania plays an important role in supporting market-based reforms, promoting participatory democracy, strengthening civil society, and relieving human suffering. It also helps Romania to strengthen its anti-corruption activities across all sectors. SEED assistance is helping to expand a market-based private sector and improve the quality of life for people in Romania. Strengthening the institutional capacity of the government and private sector is a priority, as is enhancing private sector competitiveness and improving the privatization proc-

ess for state-owned assets. Promoting United States democratic governance objectives at the local level in the democratization and broader civil society spheres are accomplished through training and technical assistance.

SEED funds also help to advance child welfare, health care, and social assistance reform, all areas where Romania still is seriously behind. Finally, the Bucharest-based Southeastern Europe Cooperative Initiative's (SECI) Anti-Crime Center, which coordinates regional criminal task forces working to counter human trafficking, smuggling, and the drug trade, also receives SEED funding. With financial and other support from the Romanian Government, the SECI Anti-Crime Center has achieved a number of successes in the fight against trans-border crime.

Cooperation across such a wide range of issues has been crucial in building the strong partnership the United States shares with Romania today. We are confident that the relationships built over the years of providing such assistance have laid the groundwork for future cooperation based on common goals and values that will last long after Romania's graduation from U.S. assistance programs.

Question. What activities are being considered to bolster reform efforts in Macedonia and Albania that are necessary for consideration of these countries' respective entry into NATO?

Answer. The United States is committed to assisting the reform efforts of NATO's aspirant countries, and supports both Albania's and Macedonia's aspirations to join the Alliance.

This latest round of enlargement is not NATO's last and the door to membership remains open. However, there is no timetable for the next round of enlargement.

The Membership Action Plan (MAP) remains the road to NATO membership. Invitations will depend on the ability of each aspirant government to achieve the necessary political, economic, military, resource, and security reforms as described in their MAP Annual National Programs (ANPs). The Alliance will look at the progress that individual countries make on their ANPs when considering when to make future invitation decisions.

The United States will continue to assist aspirant countries bilaterally as well as through NATO structures. Within the funds approved by Congress, the Administration will continue to pursue targeted programs, including Foreign Military Financing and International Military Education and Training programs to further military reforms and NATO compatibility, as well as Support for East European Democracy programs to advance political, economic, and civil society reforms to bring these countries closer to NATO membership. Regular bilateral political, economic, and defense discussions provide continuing guidance to the aspirants' efforts.

The Adriatic Charter, which holds its second biannual Partnership Commission meeting in Skopje May 20, is another useful mechanism for promoting regional cooperation and concrete reforms by the aspirant countries that address common and specific ANP deficiencies.

Question. What is the State Department doing to safeguard the lives and dignity of North Korean refugees in China and elsewhere?

Answer. Since 1999, the State Department has funded a program that provides humanitarian assistance to vulnerable North Koreans in northeastern China. In Washington and through our Embassy and consulates in China we continue to press the PRC to live up to its obligation as a signatory to the 1967 Protocol Relating to the Status of Refugees and not deport any North Koreans back to the DPRK. We have also made numerous representations urging the PRC to allow the United Nations High Commissioner for Refugees access to North Koreans in China in order to assess their status.

Question. Are reports that North Korea tests chemical weapons on political prisoners accurate?

Answer. While we believe that North Korea possesses a chemical weapons program, we have no credible information to support claims from North Korean refugees that such weapons have been tested on prisoners.

Question. How have China and Russia pressured the North Koreans to give up their weapons programs? Could both countries do more?

Answer. We are working closely with China and Russia in the six party talks, which aim to give the DPRK the basis to make the strategic decision that giving up its nuclear weapons programs would be in its own best interests. From the first round of talks, in Beijing last August, China and Russia have joined the United States, the ROK and Japan to urge the DPRK to dismantle its nuclear weapons programs. The five parties share the common goal of a denuclearized Korean Peninsula. China has played an especially important role, helping to bring the DPRK to the table, to move the process forward. The five parties share the view that the dismantlement of North Korea's nuclear weapons program is a multilateral problem re-

quiring a multilateral response, and both China and Russia have indicated they are prepared to actively participate in a settlement that would achieve that outcome.

Question. Given North Korea's penchant for duplicity, how can the United States trust any future agreement with North Korea on weapons proliferation—or any other issue?

Answer. The United States seeks the complete, verifiable, and irreversible dismantlement (CVID) of North Korea's nuclear program. In any agreement with North Korea, we would not rely on trust alone. Verification of CVID will be a critical component of any agreement, and would involve the United States, the International Atomic Energy Agency (IAEA), and other parties as appropriate. Throughout the denuclearization process, the onus will be on the DPRK to provide complete and accurate information about its activities, fully cooperate with all necessary measures to verify that information, and to dismantle its nuclear programs in a verifiable manner. We are confident that, through appropriate verification measures, we could assess DPRK cooperation and compliance. Furthermore, for the long term, we would insist on DPRK return to full compliance with the Nuclear Non-proliferation Treaty (NPT) and an appropriate IAEA Safeguards Agreement. In addition, as the President enunciated in his remarks at the National Defense University on February 11, 2004, "nations that are serious about fighting proliferation will approve and implement the Additional Protocol."

Question. How involved is North Korea in the illicit narcotics trade, and what is the nature of its involvement?

Answer. For decades North Koreans have been apprehended for trafficking in narcotics and engaging in other forms of criminal behavior, including passing counterfeit United States currency. Defectors and informants report that large-scale opium poppy cultivation and production of heroin and methamphetamine occurs in the DPRK. A defector identified as a former North Korean high-level government official testified in May 2003 before the United States Senate that poppy cultivation and heroin and methamphetamine production were conducted in North Korea by order of the regime. The government then engaged in drug trafficking to earn large sums of foreign currency unavailable to the regime through legal transactions. The testimony and other reports have not been conclusively verified by independent sources. Defector statements; however, are consistent over years, and occur in the context of regular narcotics seizures linked to North Korea.

During 2003, there was one major heroin trafficking incident linked to North Korea. The "Pong Su," a vessel owned by a North Korean enterprise, was seized by Australian Federal Police (AFP) and other Australian security forces in mid-April 2003 after apparently delivering 125 kilograms of heroin to criminals at an isolated beach near Lorne, Australia. Another incident with a connection to North Korea occurred in June in Pusan, South Korea, where customs authorities seized 50 kilograms of methamphetamine from a Chinese vessel that had stopped at the port of Najin, North Korea, before arriving in Pusan. The "Pong Su" seizure and numerous drug smuggling incidents linked to North Korea over the past several decades, reflect official involvement in the trafficking of illicit narcotics for profit, and make it highly likely, but not certain, that Pyongyang is trading narcotic drugs for profit as state policy.

Japan is one of the largest markets for methamphetamine in Asia, with an estimated annual import of 10–20 metric tons. Traffickers from the DPRK have targeted the Japanese market in the past, and there have been regular, large seizures of DPRK methamphetamine in Japan since the mid-1990s. Although there were no seizures in Japan during 2003 that could be linked to the DPRK, Japanese authorities believe that roughly 30 percent of methamphetamine seized in Japan is connected to the DPRK.

There is no evidence that illicit drugs trafficked from the DPRK reach the United States, directly or indirectly.

State trading of narcotics is a conspiracy between officials at the highest levels of the ruling party/government and their subordinates to cultivate, manufacture, and/or traffic narcotics with impunity through the use of, but not limited to, state-owned assets. Law enforcement cases over the years have not only clearly established that North Korean diplomats, military officers, and other party/government officials have been involved in the smuggling of narcotics, but also that state-owned assets, particularly ships, have been used to facilitate and support international drug trafficking ventures.

The "Pong Su" narcotics seizure occurred within the context of a range of criminal activities perpetrated by North Korean officials. Those activities include the September 2002 admission by DPRK officials of involvement by state security in the kidnapping of a group of Japanese nationals held captive in North Korea for several decades. North Korean officials have been apprehended for drug trafficking and

other offenses in countries around the world and have used diplomatic pouches to conceal transport of illicit narcotics. Numerous North Korean defectors have publicly stated that opium was grown in North Korea and refined into heroin, which then was trafficked under the direction of an office of the ruling Communist Party of North Korea. Information developed by law enforcement in Japan, on Taiwan, and elsewhere has repeatedly pointed to the involvement of DPRK officials and DPRK state-owned assets in narcotics trafficking. Specific examples of involvement of officials and state assets include calls at North Korean ports by traffickers' boats to pick up drugs, travel by traffickers to North Korea to discuss aspects of the trafficking operation, and suspected drug trafficking by North Korean patrol vessels, which were thought to engage only in espionage.

DPRK-linked drug trafficking has evolved over the years from individual DPRK officials apprehended for trafficking in narcotics in the 1970s and 1980s to the apparent direct involvement of military officials and vessels providing drugs within North Korean territory to trafficking organizations for wider distribution in East Asia. The "Pong Su" incident seemingly signals a further shift in North Korean involvement in drug trafficking. It is the first indication that North Korean enterprises and assets are actively transporting significant quantities of illicit narcotics to a designated destination outside the protection of DPRK territorial boundaries. Information has also been acquired indicating that North Koreans, employed by state-owned enterprises located in various Asian countries, have attempted to arrange large-scale drug transactions with undercover narcotics officers. Informants have also reported traveling to North Korea as guests of the government to meet with military officials to arrange drug deals. Although some of the information gathered is incomplete or unverified, the quantity of information and quality of many reports give credence to allegations of state sponsorship of drug production and trafficking that can not be ignored. It appears doubtful that large quantities of illicit narcotics could be produced in and/or trafficked through North Korea without high-level party and/or government involvement, if not state support.

DPRK spokespersons deny any state involvement in criminality, ascribe that criminality to individuals, and threaten punishment under DPRK laws. However, year-after-year, incidents pointing towards increasingly large scale trafficking in narcotics, and other forms of criminality linked to the DPRK, accumulate.

The cumulative impact of these incidents over years, in the context of other publicly acknowledged behavior by the North Korean such as the Japanese kidnappings mentioned above points to the likelihood, not the certainty, of state-directed trafficking by the leadership of North Korea. What we know about North Korean drug trafficking has come largely from investigation of trafficking operations like that of the "Pong Su", which have gone wrong, and thus come to the attention of authorities. We know much less about the way North Korea is led and administered, thus the continuing uncertainty.

There is also strong reason to believe that methamphetamine and heroin are manufactured in North Korea as a result of the same state directed conspiracy behind trafficking, but we lack reliable information on the scale of such manufacturing. The United States will continue to monitor closely developments in North Korea to test the validity of the judgment that drugs are probably being trafficked under the guidance of the state and to see if evidence emerges confirming manufacture of heroin and methamphetamine.

QUESTION SUBMITTED BY SENATOR MIKE DEWINE

Question. Public reports suggest there are links between former senior Haitian officials in the Aristide government, and the deaths of and attacks on, a number of opposition members. There are also allegations that several of these individuals were involved with narcotics trafficking and corruption. Can you provide us with any documents that would substantiate these allegations?

Answer. INL has no information regarding the opposition members. We can tell you that what information is available has been briefed to members of Congress.

The Department of Justice/DEA is conducting an investigation of drug trafficking in Haiti and all questions relating to criminal allegations against the Aristide Government should be directed to them.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Despite months of searching, we have found no weapons of mass destruction in Iraq and before the war there was no evidence that Iraq was respon-

sible for 9/11 or that Saddam Hussein was involved with al Qaeda. Yet these were two key justifications for launching a preemptive war in Iraq.

A recent Pew Research poll showed that the credibility and reputation of the United States have been badly damaged, especially in Muslim countries but also among our closest allies, as a result of the President's policy.

How has this affected your ability to build support not only for our policy in Iraq, but also in Haiti and other parts of the world?

Answer. Although weapons of mass destruction (WMD) have not yet been found in Iraq, the fact remains that Saddam Hussein had possessed and used such weapons in the past. He also made no secret of his intention to continue his efforts to acquire WMD. His capability to manufacture and distribute WMD was a real threat and his removal and capture, along with the disintegration of the Baathist party, has reduced that threat for Iraqis, the region and the world.

Although our country's policies may be unpopular in certain regions, we continue to work to explain and to build support for our policies and actions, both through traditional diplomatic channels and through public diplomacy. We are actively engaged with governments and publics in all parts of the world, including the Muslim world, advocating our policies and informing others about our American society and values. Though this mission is challenging, as evidenced in recent polls, we will continue to be vigorously engaged. Opposition to our policies is a reality, and we cannot afford to answer our critics with silence.

Question. As best I can tell, we are spending, at a minimum, \$21 million for private security contractors in Iraq to protect Ambassador Bremer and other CPA officials. USAID and other U.S. government agencies also have private security contractors, as do U.S. companies doing business there.

Who is paying for these security personnel? The other day they got into the middle of a firefight with Iraqis and they even called in their own helicopter for air support. An article in today's Washington Post entitled "Under Fire, Security Firms Form An Alliance," says, "The presence of so many armed security contractors in a hot conflict zone is unprecedented in U.S. history." It also describes how these individuals have gotten involved in combat without backup from the U.S. military.

Answer. The armed civilian contract employees to whom you have referred in your question have worked under the authority of the Department of Defense or the Coalition Provisional Authority, and not under the authority of the Department of State. Questions concerning these contract employees, and the contracts under which they operate, should be referred to the Department of Defense.

As to your specific reference to the protective detail assigned to Ambassador Paul Bremmer, these personnel have been contracted by the Coalition Provisional Authority and are supervised and directed by them. A similar contract detail is planned for Ambassador Negroponte, and will possibly use some or all of the contract employees currently assigned to Ambassador Bremmer. At the time of Ambassador Bremmer's departure, the supervision of that contract will be assumed by the Department of State. It is our understanding that the current cost of this detail is approximately \$2.1 million per month.

As to the personal protection of other representatives of the Coalition Provisional Authority, the Department of State has not been involved in this activity, and has no way of determining these costs.

Question. Is the Administration moving to install Mr. Chalabi as the leader of Iraq after the June 30 deadline?

Answer. U.N. Special Advisor Lakhdar Brahimi is leading the effort to forge a consensus among Iraqis on the formation of the Iraqi Interim Government (IIG), which will administer the country as it prepares for national elections no later than January 2004. The composition of the IIG will reflect the outcome of Brahimi's broad consultations, including with members of the Iraqi Governing Council and the Coalition Provisional Authority. The Administration fully supports Mr. Brahimi's efforts.

Question. 85 percent of the troops are Americans. On the reconstruction side, no other nation comes close to us. The next biggest contributor is Great Britain, which has contributed a little more than \$1 billion.

Have you sought additional help from our allies, including our Arab allies, and what has been the result?

Answer. In terms of military contributions, there are currently 34 countries contributing approximately 24,500 troops. We are always seeking additional contributions. We recently approached about a dozen countries to request support for a dedicated force to provide security for U.N. operations in Iraq. Among these were one Arab, two Muslim and four South Asian countries.

The response to our solicitation of financial assistance has been even more encouraging. At the Madrid Conference, 38 nations pledged over \$13 billion, of which \$1

billion was committed to 2004 spending at the February conference in Abu Dhabi. Japan has pledged \$4.9 billion, Saudi Arabia pledged \$1 billion as well: \$500 million in grants and loans and an additional \$500 million in export credits and guarantees, along with Denmark (\$156 million) and Austria (\$12 million). In addition to its monetary pledge of \$5 million, Iran pledged \$1.5 billion in credit facilities, restoration of religious sites, tourism and pilgrimage, technical and advisory services, trade, investment, market access, and humanitarian assistance.

Kuwait has pledged \$500 million, and the United Arab Emirates, Italy, Spain, and South Korea each pledged over \$200 million. Arab and Muslim nations contributing other significant amounts include Qatar (\$100 million), Pakistan (\$100 million), Turkey (\$50 million), and Oman (\$3 million).

Arab and Muslim countries that made in-kind pledges included Bahrain, Egypt, Jordan, and Tunisia, nearly all of which included offers for assistance in police training. Two other Muslim countries are among the coalition-supporting nations: Morocco and Uzbekistan.

Question. What is the President, National Security Advisor, and OMB Director doing to defend the Administration's budget request for Foreign Operations?

Answer. This winter, President Bush submitted a robust request of \$21.3 billion for foreign operations. Since that time, President Bush and National Security Advisor Condoleezza Rice have forcefully advocated for the President's national security priorities as reflected in the Administration's fiscal year 2005 budget request.

In early February 2005, OMB Director Joshua Bolten testified before both the Senate Budget Committee and House Budget Committee defending the President's fiscal year 2005 Budget. Since that time, representatives of the Administration have appeared before numerous committees to defend the President's request for foreign operations. They include Secretary Powell's appearances before the Senate Budget Committee, Senate Appropriations subcommittees on Foreign Operations and Commerce, Justice and State, Senate Foreign Relations Committee, House Appropriations subcommittees on Foreign Operations and Commerce, Justice and State, and the House International Relations Committee. Deputy Secretary of State Richard Armitage, U.S. Agency for International Development Administrator Andrew Natsios, and Global AIDS Coordinator Randall Tobias, among others, have all appeared before a number of congressional committees to defend the Administration's fiscal year 2005 budget request for foreign operations.

HUMANITARIAN ASSISTANCE

Question. Mr. Secretary, in your written testimony you state "the President's Budget Request reflects a continued commitment to humanitarian assistance." But when I look at the budget request I don't see this commitment. For example:

- Child Survival and Health programs are cut by \$100 million;
- “Emergency” Refugee Assistance is down by about \$30 million;
- “Regular” Refugee Assistance is down by about \$30 million;
- The budget for Food Aid is flat lined; and
- Funding for the Global Fund to Fight HIV/AIDS, TB, and Malaria is cut by \$350 million.

I don't want to rehash all of the numbers, but last year's budget also proposed deep cuts to many of these same accounts. This subcommittee had to restore many of those funds. How do these cuts reflect a “continued commitment” towards humanitarian assistance?

Answer. Even though we are on a war-time footing, foreign assistance is a higher priority than it has been in many years. This is most clearly evidenced by the President's additional funding requests for the Global HIV/AIDS Initiative (GHAI) and the Millennium Challenge Account (MCA). Overall funding for foreign assistance has increased greatly.

While much of the recent foreign assistance funding increase is because of massive assistance efforts in Iraq and Afghanistan, the Administration is requesting a total of nearly \$4 billion for the GHAI and the MCA in 2005. Some of the activities that have been funded under the traditional Child Survival and Health account will be covered under the GHAI and USAID is likely going to manage funding for “threshold” countries under the MCA. In regard to food aid, it is always difficult to predict emergency humanitarian needs, but the Public Law 480 account has the flexibility to shift some resources from the food for development programs to meet emergency relief requirements. And in the case of extreme need, there is the authority to draw on the Bill Emerson Humanitarian Trust, or even seek supplemental appropriations from the Congress.

By no means is there a cut in foreign assistance.

Question. Do you agree that our foreign aid agreements with Egypt should be renegotiated so the Egyptian Government no longer holds a veto over the use of U.S. aid dollars, and that more of our aid should be used to strengthen the role of civil society groups?

Answer. The Government of Egypt (GOE) and the USG jointly agree every year on the use of aid dollars. Our assistance program is codified in our bilateral Treaty agreement with the GOE; something that we do not believe should be changed at this time. Such joint decision-making has been the principle and practice of this assistance since the beginning of our program with Egypt more than twenty years ago. This program, rooted in the Camp David Accords, has achieved many benefits for the United States and Egypt and is one whose programs are continually evolving.

Our most recent discussions with the GOE, held in November 2003 on the topic of a new Democracy and Governance assistance funding, were frank and are ongoing. In 1998, we negotiated funding changes to the program. At these discussions, we jointly agreed with both the GOE and the Government of Israel to reduce economic assistance funding levels. Such levels will take us from \$535 million for fiscal year 2005 to \$415 million for fiscal year 2008. These discussions were held in a productive atmosphere with the GOE officials charged with renegotiating this significant package. If changes are to be made to the program, we are confident that we will have an engaged partner. However, a full renegotiation of the agreement would require changes to the Accords—a difficult and costly exercise to implement.

The GOE does not hold a veto over U.S. Government assistance to Egypt. This is evidenced by the fact that we have just completed a review of the assistance program that intends to advance new program initiatives in the areas of economic reform, democracy and governance, health, education, and the environment, among other areas. Changes to the formulation of our assistance program for Egypt do not inhibit us from making these initiatives, and despite some GOE resistance to some of our proposals we have been and will continue to discuss these proposals in detail with the GOE.

One specific area where we will advance changes is in the realm of democracy and governance. We agree with you that more of our aid dollars should be used to strengthen the role of civil society groups in this area. We believe that these groups are critical to ensuring that reform and development are achieved within Egypt, and are confident that the changes taking place in Egyptian society today will support such assistance.

Question. What is the United States doing to make sure that Charles Taylor is transferred to the Special Court for Sierra Leone before the Court's mandate expires, possibly as early as mid-2005?

Answer. We share the concern of Congress that Charles Taylor not escape justice simply by remaining a fugitive until the Special Court's mandate expires.

We are in frequent contact with Nigeria on the issue of Charles Taylor. We have made clear to President Obasanjo and others that our mutual goal must be for Charles Taylor to be answerable to the charges and answerable to the Special Court for Sierra Leone. As part of his introductory calls and our ongoing efforts on this subject, recently confirmed Ambassador Campbell will raise the Taylor issue with President Olusegun Obasanjo and other senior leaders.

We are looking at appropriate ways to ensure that Taylor will not escape justice because of the expiration of the Special Court's mandate.

Charles Taylor and the people of Sierra Leone must know that Taylor will answer for his actions.

Question. Bob Woodward, in his recent book "Plan of Attack," writes that \$700 million in funds appropriated for Afghanistan and the war on terrorism was diverted for use in preparing for the U.S. invasion of Iraq. This was apparently done without any knowledge of Congress. Were you aware of this?

Answer. No. Questions about how DOD prioritized its funding prior to OIF should be directed to the Pentagon.

Question. The Administration has rejected Richard Clarke's claim that the Bush Administration was not sufficiently focused on al Qaeda before 9/11. I don't want to get into that, but isn't a key issue whether launching a preemptive war against Iraq, which posed no imminent threat to the United States or to our allies and there was no evidence—none—that Saddam Hussein was involved with al Qaeda or 9/11, has made us safer from terrorists?

Answer. Operation Iraqi Freedom has made the United States safer from terrorists by eliminating one of the principal state sponsors of terrorism, an enemy of the United States and our Middle East allies.

The Iraqi regime posed a threat because it was the sworn enemy of the United States and those who supported our efforts to contain Iraq in accordance with the decisions of the United Nations Security Council. The Saddam Hussein regime was

a threat because it had used chemical weapons against its neighbors, and its own people. It was a threat because it sought for years to acquire a broad variety of weapons of mass destruction in violation of international law, including seventeen U.N. Security Council resolutions and Iraq's own treaty commitments. It was a threat because it invaded its neighbor Kuwait, a longstanding friend and ally of the United States. It was a threat because it attacked Israel with scud missiles in 1991. It was a threat because it had connections to terrorist groups. And it was a threat because it provided safe haven for known terrorists. Iraq thus did pose a threat to the United States and its allies and interests. As we continue to prosecute the global war on terrorism, including in Iraq, we will continue to reduce the terrorist threat to our country and our citizens.

The Iraqi regime had connections to terrorist organizations such as the Abu Nidal Organization and the Mujahedin-e-Khalq. Members of a terrorist network headed by a senior al Qaeda terrorist affiliate, Abu Musab Zarqawi, established a nascent presence in Iraq in mid-2002, probably with the knowledge of at least some Iraqi security officials. Zarqawi and his associates are still in Iraq, and it was Zarqawi who most recently claimed personally to have carried out the barbaric beheadings of United States and Coalition nationals. Zarqawi also oversaw the assassination of USAID officer Laurence Foley in Jordan in October 2002. Iraq provided material assistance to Palestinian terrorist groups, and paid \$25,000 financial tributes to the families of Palestinian suicide bombers.

It has never been the contention of this Administration that the terrorist attacks of September 11, 2001 were orchestrated jointly by Iraq and al Qaeda, as your question suggests.

Question. Can you provide any evidence—evidence, not speculation—that Americans are safer, either at home or when they travel abroad, because of the removal of Saddam Hussein, given the damage the war has done to our credibility and our reputation, and the anger it has caused throughout the Muslim world?

Answer. We do not agree with your implication that the security of the United States has been damaged by Operation Iraqi Freedom. Quite the contrary, the President has demonstrated that he means what he says and that the United States will not stand idly by when the safety and security of the American people are in jeopardy.

We also are confident that the United States and its citizens are safer at home and abroad because of the removal of a ruthless tyrant. Iraq was a longstanding state sponsor of terrorism. The Iraqi Intelligence Service itself targeted United States citizens, and it supported extremist and terrorist groups to further its agenda. Only the most well-known example was the attempt by Iraqi agents to assassinate former President George H.W. Bush on a trip to Kuwait. The Iraqi Intelligence Service reportedly instructed its agents that their main mission was to obtain information about United States and Israeli targets. Iraq for years was a safehaven, transit point, and operational base for groups and individuals who directed violence against the United States, Israel and our allies. Iraq provided safe haven and support for the Abu Nidal Organization, an extremely violent terrorist group that has become largely moribund in recent years. Among its earlier terrorist acts, the group machine-gunned scores of Christmas travelers in simultaneous and coordinated attacks at airports in Rome and Vienna in 1985. Five U.S. citizens were among those killed. With the fall of the Saddam Hussein regime, terrorist organizations have lost their state sponsor and haven. This undoubtedly has made America, and the rest of the world, safer.

Iraq also supported the anti-Iranian Mujahedin-e-Khalq, the Palestine Liberation Front, and the Arab Liberation Front, all extremely violent terrorist groups. Moreover, Baghdad provided material assistance to other Palestinian terrorist groups in the forefront of the intifadah being waged against Israel. The Popular Front for the Liberation of Palestine-General Command, HAMAS, and the Palestine Islamic Jihad are only the three most important of the terrorist groups to which the Saddam Hussein regime extended outreach and support, although his support to those groups was less than that provided by Damascus and Tehran. As previously noted, Saddam Hussein paid the families of Palestinian suicide bombers large sums of money; these terrorists undertook attacks that have killed innocent American citizens in Israel. All of these groups have lost a principal state patron that provided them with a safe haven, financial support or an operational base to conduct terrorist acts against the United States and its allies. The removal of that regime, and the consequent blow to these terrorist groups formerly under Saddam's wing, unquestionably have made the United States and its citizens safer, both at home and abroad.

Question. Our credibility as a nation has been badly damaged. In countries like Jordan, Pakistan and Morocco—allies of ours that receive hundreds of millions in U.S. aid, a majority of the people supports Osama bin Laden and believes our mo-

tives in Iraq are to control Middle East oil and dominate the world. This has given fodder to Muslim extremists who call for the annihilation of America. How has this made us safer?

Answer. Any suggestion that the motives of the United States in Iraq are to control Middle East oil and dominate the world is belied by the fact that the United States now is in the process of handing over sovereignty over Iraq to the Interim Iraqi Government. The IIG will prepare the way for the election of the first truly democratic government in Iraqi's history. This is the best riposte to those in the region who might question our motives.

Moreover, the President last year announced a "forward strategy for freedom" in the broader Middle East and North Africa. Operating principally through the U.S. Middle East Partnership Initiative, the President's vision recognizes that political, social and economic reforms are urgently needed in the region. It aims to encourage reform and democracy as alternatives to fanaticism, resentment, and terror. It is the lack of opportunity, the lack of firm democratic institutions, sensationalized media reporting, and a collective sense of powerlessness that drives young people to revere and support terrorists such as Usama bin Laden as an alternative to their present situation. The President is committed to working with our friends and allies, both within and outside of the region, to give these young people a reasonable basis for hope for a better life.

Question. Democracy is on life support in Russia. Every day, President Putin acts more like the autocratic rulers of the past. Is this the beginning of a new cold war, as Senator McCain has warned? What does it mean for Russia's future?

Back during the Clinton Administration, Senator McConnell and I were very critical of Russia's policies in Chechnya, where the Russian army was ruthlessly targeting civilians. During the past two years, the situation has not improved, but this Administration, especially since September 11, has been only mildly critical. Do you agree, as we told the Clinton Administration four years ago, that the Russians, as well as the Chechen rebels, have committed war crimes in Chechnya, and what are we doing to try to get them to stop?

Answer. A historic positive transformation has occurred in Russia during the twelve years since the collapse of the Soviet Union. In the 1990s, Russia made great strides in securing basic freedoms, such as expression, religion and the ability to choose its leaders through elections. However, the pattern of official pressure on the independent broadcast media, irregularities in elections, the arrest and detention of some prominent business executives, and other developments have raised questions about Russia's commitment to democracy and the rule of law. The international community, including the United States, can help Russia become a more open society through continued engagement and assistance, especially in the area of developing democratic institutions. Ultimately, however, it is up to the Russians to determine the kind of political system in which they live. While in Moscow in January, I emphasized that the United States wants a robust partnership with Russia, but that without a basis of common principles, the U.S.-Russian relationship will fail to reach its potential.

Regarding Chechnya, we continue to be very concerned about credible reports containing allegations that Russian forces have committed atrocities, including extra-judicial killings, torture and rape. Such allegations raise fundamental questions of compliance with international humanitarian law. We are concerned as well by reports that allege Chechen forces have committed some similar abuses. The well documented and numerous human rights abuses committed by all parties to the conflict in Chechnya must be stopped. Russian authorities need to redouble efforts to control the behavior of government forces, both local and federal.

In April, the United States voted in favor of the EU-sponsored resolution on Chechnya at the U.N. Commission on Human Rights that strongly condemned human rights violations in Chechnya. The resolution—which failed—urged the Russian government “to take urgently all necessary measures to stop and prevent violations of human rights and international humanitarian law . . .” The United States recognizes that Russia has a right to take appropriate measures to protect its citizens from terrorist attacks, but any military activities in Chechnya must be conducted within the framework of international humanitarian law. We condemn any and all abuses of human rights by all parties to the conflict. The settlement of the Chechen conflict must be a peaceful one, and we see free and fair elections of Kadyrov's successor as a possible first-step to defusing the violence in the region.

Question. Just this week, the Global Fund to Fight AIDS, the World Health Organization, UNICEF, and the Clinton Foundation, announced that they are joining forces to provide generic AIDS drugs to poor countries at a fraction of the cost that U.S. drug companies charge.

The United States, however, has so far refused to join them, which means we are paying 4–5 times the cost per person for AIDS drugs. Given that the lives of millions of people are at stake, what steps are being taken to resolve the Administration's differences with the WHO with respect to safety and efficacy standards for HIV combination therapies?

Answer. Our policy for the procurement of antiretroviral treatments under the Emergency Plan is to provide drugs that are safe, effective, and of high quality at the lowest cost regardless of origin or who produces them to the extent permitted by law. This may include true generics, copies or brand name products. A true generic drug is one that has undergone review to ensure that it is comparable to an innovator drug in dosage form, strength, route of administration, quality, performance characteristics, and intended use. Drugs that have not gone through such a process are more accurately described as copies.

On March 29–30, 2004, in Gaborone, Botswana, an international conference was held on fixed-dose combination (FDC) drug products. The conference included representatives of 23 governments, drug regulatory agencies, research-based and generic pharmaceutical industry, public health leaders, health care providers, advocacy groups (including persons living with HIV/AIDS), academia, and multilateral and non-governmental organizations. We were very pleased with the broad international support and participation that the conference generated, including from the conference co-sponsors: the Joint United Nations Program on HIV/AIDS (UNAIDS), the World Health Organization (WHO), and the Southern African Development Community (SADC).

The conference successfully completed a vital step forward in developing commonly agreed-upon scientific and technical international principles to evaluate the quality, safety, and efficacy of FDCs for use in treating HIV/AIDS, tuberculosis, and malaria. The conference sponsors, representatives, and experts agreed that the final principles are not intended to and should not impede access to safe, efficacious, and high quality FDCs by people living with HIV/AIDS. The principles are not intended to address specific quality issues, or to develop clinical, therapeutic, or regulatory guidelines. Rather the document will provide scientific and technical principles for considering, developing, and evaluating FDCs for use in treatment. It is anticipated that the principles will be of use to regulatory agencies around the world, as well as to pharmaceutical companies and other organizations involved in developing and evaluating FDCs. In this regard, the principles will aid us in determining the standards we will expect fixed-dose combination drugs to meet to qualify for our purchase and expedite the process by which we can purchase lower-cost, non-patented FDCs with confidence.

We have the highest respect for the WHO and its prequalification pilot program. However, the WHO is not a regulatory authority. We must be assured that the drugs we provide meet acceptable safety and efficacy standards and are of high quality.

Under the Emergency Plan, we intend to support programs that will have a sustainable positive impact on health. If the medications in question have not been adequately evaluated or have had problems with safety or cause resistance issues in the future, we will be appropriately held accountable. We will continue to work with WHO and the international community on this important area. The finalization and adoption of the principles document for FDCs will be a major step forward for all. The final statement of principles is expected to be released during the second quarter of 2004.

Question. The Colombian Government is working on a law that would give concessions to members of paramilitary and rebel groups in return for giving up their arms. The first version of this law was widely criticized because it would have allowed drug traffickers and terrorists to avoid jail. A second version has been drafted, but it still leaves many questions unanswered. The State Department has said that it will not support any agreement that allows these people to avoid extradition to the United States. But there are many others who were responsible for horrific crimes, for whom there are not extradition warrants. Do you agree that while we want to support the demobilization of these armed groups, we should not support an approach that allows people who have committed gross violations of human rights to avoid the punishment they deserve?

Answer. The United States has always supported the Government of Colombia's position that it would enter into a peace process with any of the illegal armed groups willing to first declare a ceasefire. A credible peace process can help end the violence in Colombia and achieve an enduring peace. To be credible, we believe that a peace process must include the rapid disarmament and demobilization of illegal armed groups, justice for victims, and legal accountability for the perpetrators of

gross human rights violations and narcotics trafficking. We have insisted that in any process:

- (1) We will continue to seek extradition of any Colombians who have been indicted in the United States now and in the future;
- (2) Gross violators of human rights should be subject to judicial process for their crimes in Colombia;
- (3) There should be the rapid disarmament, demobilization and reintegration of former militants; and,
- (4) The Government of Colombia should control any zones in which members of illegal armed groups are concentrated for the purposes of demobilization and disarmament.

COLOMBIAN CONTRACTORS

Question. I am very concerned about the use of American contractors in Colombia, where they are flying light weight aircraft in very dangerous circumstances. Pilots have written letters in protest for which they have been reprimanded. Planes have crashed, a shell company consisting of little more than a post office box has been set up to avoid legal liability and the families of the men who have been kidnapped or killed have not been able to get their questions answered.

There was a series of articles last November in the *Times Picayune*, which I hope your staff has made available to you. There are serious problems with the way this program has been managed and I hope you will look into it. I would appreciate any information you can provide regarding steps taken to improve oversight of this program, and to ensure that there is appropriate accountability, both on the of the U.S. Government and civilian contractors, when negligence or misconduct occurs.

Answer. The United States Government employs civilian contractors because of the flexibility in planning they allow and because the skills they provide are often not otherwise available to the government. They provide training, equipment, infrastructure development, and expertise to the Government of Colombia and Colombian civil society in a variety of areas. Both the Departments of State and Defense contract out work requiring the piloting of aircraft and are constantly evaluating operations to refine procedures and improve security for contract personnel in this area.

With regard to contractors who work in the aerial eradication program, State has taken several measures to improve their safety and welfare. In response to increased hostile groundfire this past year, we successfully encouraged the Colombian National Police to add an additional helicopter to each squadron of aircraft that escorts and provides protection to spray missions. We also have coordinated with the Colombian Army to prioritize ground troop presence in areas slated for eradication where hostile fire is anticipated. Conducting spray operations is inherently dangerous work. All of the pilots in the spray program receive specialized training for the type of flying and local conditions that they will face. We also provide advanced survival training for our pilots in the case of a forced landing.

Each spray mission is planned taking into account the need for maximum security, using all available intelligence. If a spray mission should face significant risk, it is either cancelled or conducted with stepped up coordination with Colombian security forces on the ground. Counter Drug Brigade and other Colombian army ground troops conduct interdiction operations in the vicinity of aerial eradication to provide increased support when required. Armed security escort helicopters and at least one search and rescue helicopter accompany every spray mission.

The contractors presently held hostage by the Revolutionary Armed Forces of Colombia (FARC) and the subject of the *Times-Picayune* articles you mention, were employed by the Department of Defense, which can provide you additional information regarding those air operations.

ISRAELI-PALESTINIAN CONFLICT/MIDDLE EAST REFORM

Question. [Part I] In a recent press conference with Prime Minister Sharon, President Bush endorsed Mr. Sharon's position regarding the right of return of Palestinian refugees and Israeli settlements in the West Bank. Were you consulted on the specifics of the President's announcement prior to the press conference? This unilateral decision diverges in significant respects from the policy reiterated by past U.S. presidents. Do you support this decision? How is this decision consistent with U.N. Resolutions 242 and 238, which the United States is on record supporting? What impact do you expect this decision to have for U.S. relations with Muslims in Iraq and elsewhere in the Middle East?

[Part II] The President recently announced his "Greater Middle East initiative." So far, the reaction of several key Arab leaders has been one of skepticism, at best.

What is the President's "Greater Middle East initiative?" Is it in the budget, or is it just another way of describing what we are doing already?

[Part III] Are we going to stop giving hundreds of millions of dollars in aid and selling weapons to autocratic, corrupt governments in the Middle East that do not show any interest in becoming more democratic and that arrest people who speak in support of democracy? Doesn't this make a mockery of the President's message?

Answer. [Part I] The President stated our views regarding certain realities that we believe will shape the outcome of negotiations on permanent status issues. The President also made clear that permanent status issues must be negotiated between the parties, and stated that we have no intention of prejudicing the outcome. It remains U.S. policy that issues of refugees and borders must be decided by mutual agreement and direct negotiation between the parties in accordance with U.N. Security Council resolutions 242 and 338 and the roadmap.

[Part II] The Greater Middle East initiative is an effort to marshal the will and resources of the G-8 and the EU in support of indigenous efforts in the Middle East to bring about political, economic, and educational reform. Despite initial skepticism, many Arab leaders recognize the need to address reform issues and have welcomed our willingness to help. Both the political statement and the specific action plan to support reform that we and our G-8 partners will endorse at the Sea Island Summit remain under discussion. We understand that, once final decisions have been made on possible programmatic elements of this initiative, the White House will be consulting with OMB and Congress on resources.

[Part III] Our military assistance to certain select countries in the Middle East is aimed at enhancing the ability of these governments to maintain regional stability and to assist us in the global war on terrorism. We also use this aid to enhance the professionalization of the officer corps and to strengthen the separation between civilian and military functions. At the same time, we are very sensitive to the need for greater political openness and economic modernization in a number of these countries; these concerns are the impetus for the Greater Middle East Initiative and our efforts to promote political, economic, and educational reform through programs such as those taking place under the auspices of the U.S. Middle East Partnership Initiative.

Question. The situation in Haiti is obviously dire. The Administration says there is a new opportunity now that President Aristide is gone, although I gather the other Caribbean nations have so far refused to recognize the new government because of concerns about the way President Aristide left the country.

Do you plan to submit a budget amendment or supplemental request for Haiti, or are you planning to just continue business as usual? I ask because your budget request for Haiti for fiscal year 2005 is \$24 million, down from \$27 million in fiscal year 2004.

Answer. At this point, there is no need for a supplemental request for Haiti.

The fiscal year 2004 allocation for Haiti, including food aid, is approximately \$55 million. In addition, we have provided more than \$3 million in emergency assistance for the immediate humanitarian needs of the Haitian people, and nearly \$5 million to the Organization of American States (OAS) for its Special Mission for Strengthening Democracy in Haiti. The fiscal year 2005 budget request is \$54 million.

We already have identified an additional \$40 million from existing funds for this year that we are reallocating to meet Haiti's short term needs. We are continuing to review other potential sources of funding for Haiti, and are working with the Haitian diaspora and international donor community to encourage their contributions and support.

Question. In his November 6 speech to the National Endowment for Democracy, President Bush said that Syria has left its people a legacy of "torture, oppression, misery, and ruin." The State Department's human rights reports say that torture is commonplace in Syria, and they describe the gruesome techniques used there, from electrical shocks to pulling out fingernails, to "using a chair that bends backwards to asphyxiate the victim or fracture the victim's spine."

And yet, in October 2002, the Justice Department deported, or "rendered," a Syrian-born Canadian citizen, Maher Arar, who it suspected of links to terrorism, to the custody of the Syrian government. It did so on the basis of a promise by the Syrian dictatorship that Arar would not be tortured. As you know, Arar was ultimately released, and claims that he was in fact tortured.

A. How can we trust mere assurances from governments like Syria or Egypt that they won't torture people we turn over to them, when we know they abuse prisoners routinely? Should we turn over people to the custody of governments that use torture?

B. Doesn't this policy of turning over prisoners to repressive regimes undermine the President's message that America is going to stand up for human rights and democracy, especially in the Middle East?

Answer. Mr. Maher Arar was detained in New York on September 26, 2002 by United States immigration and law enforcement authorities after his name appeared on an immigration watch list. He was subsequently refused entry into the United States under Section 235C of the United States Immigration and Nationality Act based on information in the possession of United States law enforcement officials. United States immigration law gives the Attorney General the discretion to deport an alien to the country in which he was born. I refer you to the Canadian government and the United States Justice Department for the specifics of Mr. Arar's case.

As a matter of principle, and in accordance with international law, the United States does not turn people over to governments that we know intend to abuse them. We strive to uphold international prohibitions against the use of torture and we regularly call on other governments to do the same.

Question. Aren't we asking for trouble when we gloss over these facts and cozy up to a government that behaves this way?

Answer. The fact is we need Pakistan's help on many matters of great importance to our national security. In the Global War on Terrorism, Pakistan has assisted the capture of more than 550 terrorists, including many al-Qaeda. It has also recently undertaken operations against al-Qaeda and Taliban forces on the Pakistani side of the Afghan border. Such operations are continuing, and have helped disrupt efforts to attack our forces in Afghanistan. Pakistan's cooperation is also necessary for the success of our nonproliferation efforts. Information provided by the Government of Pakistan has been crucial to our ongoing efforts to put out of business the network established by Pakistani nuclear scientist A.Q. Khan.

In the context of this important alliance, we engage Pakistan in frank discussions of all issues to seek solutions that serve our interests while preserving a critical relationship.

Question. Over the past two years we gave Pakistan a total of \$1.3 billion. All that time we knew or had reason to suspect that Pakistan was selling nuclear weapons technology to our enemies. And, if we didn't suspect it—we should have. You are requesting another \$700 million for Pakistan in fiscal year 2005. What consequences has Pakistan suffered from selling nuclear weapons technology to Iraq and North Korea? What message does this send to other nations?

Answer. As Under Secretary of State for Arms Control and International Security John Bolton testified on March 30, 2004 to the House International Relations Committee, we have no information that contradicts President Musharraf's assurances that the top levels of the government of Pakistan are not implicated in the activities of A.Q. Khan. Pakistan has taken concrete steps to eliminate this network and ensure that this kind of proliferation will never happen again. Pakistan continues to share with the U.S. Government information being developed through ongoing investigations. We are also continuing to work with Pakistan to bring its export controls in line with international standards.

Question. For the past four years, I and other Members of Congress, and the State Department, have sought the assistance of the Lebanese and Syrian governments in a case involving the abduction of two American children by their Lebanese father. United States and Lebanese courts have awarded the mother, Elizabeth Murad, sole and permanent custody of the children. There is compelling evidence that the father and children are in Syria, yet despite appeals to President al-Assad, the Syrian government has done nothing. Your staff has been extremely helpful, but so far we've gotten nowhere. Syrian officials say they are attempting to solve this issue. What is your assessment of the Syrian Government's efforts? Will you discuss this personally with President al-Assad?

Answer. We have been vigorously pursuing a resolution to the Murad child custody case for four years. During that time, we have raised the case with both the Lebanese and Syrian governments at every possible level, including with President Assad himself. While we appreciate the assurances of various Syrian government officials that they are working with us to find the Murad children and return them to their mother, we find it difficult to believe that neither the Syrian or Lebanese governments have been able to locate the father or the children. Clearly, both governments need to redouble their efforts to find Liz Henry Murad's children and return them to her as soon as possible.

Question. In the State Department's "Performance and Accountability Report to Congress," the Department concludes that it is "on target" or "above target" in meeting almost all of its goals with respect to sustainable development and environmental programs. Yet, while we can point to accomplishments here or there, if you

look at the big picture, environmental degradation is getting steadily worse, not better. According to the State Department, these are good programs. But there is less than \$300 million in this budget to protect the environment worldwide. In fact, we have consistently given you more than you've asked for, yet it is far less than many U.S. States spend. Shouldn't we be spending a lot more on these programs, which the State Department says are effective, to protect the environment?

Answer. We appreciate your strong interest in international environmental initiatives. Under the new State/USAID Strategic Planning Framework, the United States identifies advancing sustainable development as one of four key strategic objectives. In reducing poverty throughout the developing world, sustainable development encompasses economic, social and environmental factors. Major initiatives to achieve this goal have been undertaken in sectors related to water, energy, forests, fish, climate, health, education, and science.

We are also continuing to address environmental protection through substantial contributions to the Montreal Protocol Multilateral Fund and the Global Environment Facility. We are awaiting Senate action on a landmark agreement—the Stockholm Convention on Persistent Organic Pollutants—to phase out ozone depleting substances and we have taken significant measures to conserve depleted fish stocks and other ocean resources.

Regarding funding for both social and environmental programs, in addition to the nearly \$300 million in Department appropriations cited in the Report, the Department also administers foreign operation program resources totaling nearly \$2 billion. These funds have enabled us to leverage needed additional resources from foreign governments, international organizations and the private sector to strengthen international cooperation and build public-private partnerships. The aforementioned \$300 million funds key components of State operations as well as international organizations, including the Pan American Health Organization and the World Health Organization, to maintain their efficiency and financial viability.

Question. On January 12, President Bush issued a proclamation, effective immediately, suspending entry into the United States of foreign officials who have been involved in corruption that has had serious adverse effects on the national interests of the United States. It also bars entry of their families. The Secretary of State is to identify persons covered by this proclamation, and to implement it. Are you doing that? Are you developing a list of persons who cannot enter the United States on account of this proclamation? For example, are former President Alemán of Nicaragua, or former President Portillo, both of whom stole millions, on your list? If not, shouldn't they be?

Answer. The President gave me, as Secretary of State, responsibility for administering this 212(f) Presidential Proclamation on his behalf. I have approved procedures for implementation of the Proclamation and have delegated the decision-making to the Under Secretary for Political Affairs. Consistent with the procedures I approved, our overseas posts have been given comprehensive instructions relating to implementation of the Proclamation. The procedures involve initially identifying persons potentially subject to the Proclamation and watchlisting them. If the person actually applies for a visa or holds a visa that might be revoked, the facts are developed more fully to permit a decision by the Under Secretary whether the visa should be denied or revoked.

The Department has not administered the Proclamation on the basis of a list. Names are entered in the visa lookout system by posts or the Department on a routine basis, and decisions subsequently are made on a case-by-case basis. In recent months, the Department has found a number of former officials subject to the Proclamation.

The visa records of the Department, including the visa lookout system and records of decisions under the Proclamation, are deemed confidential pursuant to Section 222(f) of the Immigration and Nationality Act, and may be used for only the purposes specified in that section. Thus we are not generally disclosing the names of persons entered into the lookout system or specifically found subject to the Proclamation.

Question. What specific steps is the Administration taking to ensure that U.S. aid is conditioned on the transparent management of oil and mining revenues in recipient countries?

Answer. The Administration has made reducing corruption and enhancing transparency a top foreign policy priority because we believe they are central to supporting sustainable development, creating stable democracies, and advancing our national security interests. The Administration works to promote transparent management of all public sector resources, including those derived from oil and mining, even if a country does not receive U.S. assistance. We promote international efforts to raise transparency standards and improve public financial management wherever

possible, including through international financial institutions (IFIs), through our own bilateral aid programs, in our policy dialogue with the U.N. system and in the Organization for Economic Cooperation and Development (OECD), and through a vitally important G-8 initiative that supports developing country efforts to raise transparency standards and reinforces these other efforts.

Among our bilateral, regional and multilateral programs that promote transparency, good governance and anti-corruption are the Millennium Challenge Account and the African Growth and Opportunity Act. We also pursue these objectives actively in the Summit of the Americas, Asia Pacific Economic Cooperation, and the UNDP/OECD-led Middle East and North Africa good governance initiative. All of these programs emphasize transparency, accountability and good governance.

The Millennium Challenge Account (MCA), funded initially at \$1 billion for fiscal year 2004, targets U.S. assistance at countries that govern justly, invest in their people, and encourage economic freedom. It recognizes that development must primarily come from within countries rather than from outside. The Millennium Challenge Corporation (MCC) uses independent indicators that address rule of law, control of corruption, and other governance criteria to select countries eligible for MCA assistance. Countries that fail to pass the corruption indicator, compiled by the World Bank Institute, are presumed not to qualify. Countries ultimately selected for MCA participation will enter into a compact with the MCC that requires effective, accountable, and transparent use of U.S. assistance.

The African Growth and Opportunity Act (AGOA) provides significant benefits to countries selected for participation, including improved access to U.S. credit and technical expertise and liberal access to the U.S. market. As with the MCA, rule of law and efforts to combat corruption are among AGOA's eligibility criteria.

The G-8 initiative on Fighting Corruption and Improving Transparency provides a particularly good avenue for G-8 governments to build partnerships with developing countries to increase transparency and thereby use public resources wisely. Efforts will focus on transparency in public budgets, including revenues and expenditures, government procurement, the letting of public concessions and the granting of licenses. Partner governments will conclude voluntary compacts with G-8 governments, specifying the concrete steps they will take to bring greater transparency and accountability to managing public resources. Special emphasis will be given to cooperating with countries rich in oil and mineral resources. For these countries the compacts will pay particular attention to transparency of revenue flows and payments in these sectors. For their part, G-8 countries will support partner countries by providing bilateral technical assistance and political support.

At Sea Island, Nigeria, our fifth largest oil supplier, was one of four pilot countries to conclude such a compact, demonstrating its full ownership of an aggressive program of reform that will lead to greater transparency and accountability. The governments of Peru, Nicaragua, and Georgia concluded similar agreements with the G-8 governments at Sea Island. We hope that more countries will follow the leadership and commitment of the four pilots, and that they will provide models and a demonstration effect for countries that follow.

Question. Are you confident that adequate procedures are in place to prevent the diversion or misuse of revenues from Iraqi oil production?

Answer. United Nations Security Council resolution 1483 (2003) established that Iraq's oil export revenues would be deposited in a special fund, the Development Fund for Iraq (DFI.) Until the transfer of Sovereignty, the Coalition Provisional Authority in Iraq (CPA) had signature authority over DFI. An international body called the International Advisory and Monitoring Board (IAMB) was established to act as an external audit committee for the regular audits of the DFI. Under U.N. Security Counsel resolution 1546 (2004), which provided for United Nations recognition of the Iraqi Interim Government (IIG), full signature authority over the DFI transferred to the IIG. The resolution also continues the role of the IAMB to ensure that proper audits of the DFI continue to be carried out, which the USG fully supports. The CPA also reconstituted the Board of Supreme Audit and established Inspectors General for Iraqi ministries, which remain in operation under the interim government.

Question. I am concerned about the way the Leahy human rights law conditioning U.S. assistance to units of foreign security forces (sic). I would appreciate your answers to the following questions:

What instructions has the Department of State sent to embassies for establishing a database of alleged human rights violators?

What instructions do embassies have in place to gather information on alleged violators and do their sources include non-governmental organizations?

Are embassies vetting individuals and units before they receive security training and what criteria are they using to determine whether to provide training?

What is the status of the Department of State database housed in the Bureau of Democracy, Human Rights and Labor? Does the database track information on alleged human rights violators, requests for training, and instances of denials of training?

Answer. Department guidance to posts, issued most recently in February 2003, updated Leahy Amendment guidance and again instructed all posts to keep track of allegations of gross violations of human rights involving any unit of the security forces, regardless of whether that unit is currently receiving training or assistance or regardless of the passage of time.

Posts have clearly been instructed that any time throughout the year that they become aware of any information regarding incidents which reasonably could be deemed to be credible information of a gross violation of human rights by any unit of the host nation's security forces receiving or proposed to receive FOAA-funded assistance or involved in DOD-funded training regardless of the passage of time, posts should so inform the Department by cable. Posts are instructed to report information regardless of the source, including, but not limited to reporting by State, DOD, DAOs/SAOs, NGOs, and the media. To the extent practicable, posts are asked to identify the unit that has allegedly committed the violation of human rights and include post's view as to whether the violation of human rights rises to the level of being a gross violation and whether it believes the information is credible.

Both embassies and the Department are vetting units proposed for training and/or assistance before such training or assistance is received. The Department is cognizant of the Senate report accompanying the fiscal year 2002 FOAA, which stated that the term "unit" should be "construed as the smallest operational group in the field that has been implicated in the reported violation."

The test database in the Bureau of Democracy, Human Rights and Labor (DRL) currently includes the names of approximately 100 individuals and units about which we have serious human rights concerns. The names are drawn from post, NGO and media reports. Many are drawn from the 2002 and 2003 *Country Reports on Human Rights Practices*. Since the database was established for testing the Benetech Corporation's Martus software in the Department in 2003, DRL has been working with the Bureaus of Political-Military Affairs, Information Resource Management and Administration to develop and test a technology-based solution with security and encryption packages that could allow Martus to be available to most posts and Department officers. At this time, the test database does not track requests for training and instances of denials of training.

Question. I am very concerned about the deepening crisis in Darfur in Western Sudan, a situation that both President Bush and U.N. Secretary General Kofi Annan have condemned and expressed alarm about. Today's Washington Post quotes the Secretary General saying there is a risk of "genocide" there and that U.N. troops may be needed.

Would the Administration support a U.N. monitoring force?

Would you support increasing the size and deploying part of the Civilian Protection and Monitoring Team, currently in Sudan, to the Darfur region to try to deter human rights violations?

Has the Administration called upon the leadership of the African Union to declare Darfur an emergency, condemn the human rights abuses, and called on the Sudanese government to facilitate and support these desperately needed initiatives?

Answer. The Administration supports a United Nations Peace Keeping Operation (UNPKO) in Sudan. We have been studying how a UNPKO might operate in Sudan. We expect that there will be a monitoring mission mandated under Chapter VI to help monitor the peace. We have been talking with our Troika partners (the U.K. and Norway) and the United Nations about a mission and look forward to receiving a report from the Secretary General. We would not expect a UNPKO to be created until after the signing of the comprehensive agreement which would include further details on monitoring and security arrangements, although we will continue planning for such a mission.

We have agreed to support the Darfur Ceasefire Commission with logistical assets, and CPMT assets will be made available to the Commission in the short term to get things going. Due, however, to the complexities surrounding the situation in Darfur, we agreed with the African Union and the parties that it would be best to have an independent international monitoring team operating in Darfur. The ceasefire monitoring team will monitor the ceasefire within the provisions of the Ceasefire Agreement and when necessary investigate alleged violations of the Agreement.

The African Union (AU) has taken a very active role in responding to the crisis in Darfur. In particular, with U.S. encouragement, the AU took the lead on establishing the Ceasefire Commission designed to plan, verify and ensure the implemen-

tation of the rules and provisions of the Darfur ceasefire accord signed on April 8 in N'djamena.

Question. The Bush administration has recognized the role that family planning plays in reducing abortions. The President himself has said: "one of the best ways to prevent abortion is by providing quality voluntary family planning services." Yet funding for U.S. family planning has declined since 1995 and remains below the 1995 level. How do you reconcile the Administration's claim of support for family planning with these budget cuts?

Please provide any information available to the Administration that the Mexico City Policy has reduced the number of abortions, either in a particular country, or worldwide.

The State Department recently provided me with a list of activities deemed coercive which it says the Chinese Government must eliminate in the countries where UNFPA provides support, in order for UNFPA to receive U.S. funding. This, however, represents a misreading of U.S. law. The Kemp-Kasten amendment does not impose any requirements on China or any other government. Rather, it imposes restrictions on any (organization) or "program" that supports or participates in the management of coercive activities. Is it the Administration's position that no matter what form of assistance UNFPA provides in these Chinese countries, unless China eliminates these coercive activities UNFPA is ineligible to receive U.S. funding? In other words, if UNFPA were to only provide information (as opposed to any other form of assistance) to Chinese family planning workers about voluntary family planning services, it would still be ineligible to receive U.S. funding until China eliminates each of the activities deemed coercive?

Answer. Funding for Family Planning.—President Bush has sustained funding for family planning assistance at levels between \$425 and \$446 million per year, compared to \$372-\$385 million per year during the four years preceding the President's inauguration. The President is committed to maintaining these levels because he believes that one of the best ways to prevent abortion is by providing quality voluntary family planning services.

Mexico City Policy.—President Bush restored the Mexico City Policy in 2001 to clearly separate U.S. Government support for family planning assistance from abortion-related activities. The President's directive of August 29, 2003 extended the Mexico City Policy to cover all Department of State funding to foreign non-governmental organizations for family planning assistance.

There are many foreign NGOs through which USAID and the Department of State can provide family planning information and services to people in developing countries. The President determined that assistance for family planning will be provided only to those foreign NGO recipients and sub-recipients whose family planning programs are consistent with the values and principles the United States wants to promote as part of its foreign policy.

Funding for UNFPA.—Per your request, the Department recently provided you a list for illustrative purposes of elements of a coercion-free environment with respect to family planning in China. While, as you correctly point out, the Kemp-Kasten Amendment does not impose any requirements on China or any other government, it has been the consistent policy of the Bush Administration to urge the Chinese government to remove coercive practices from its family planning programs.

As you note, the Kemp-Kasten Amendment is relevant to all organizations or programs that receive U.S. funds under the Foreign Operations Appropriations Act. In light of Kemp-Kasten, and China's regime of severe penalties on women who have births outside those allowed under China's national and local birth planning laws, Secretary Powell determined on July 21, 2002, that China's coercive law and practices amounted to "a program of coercive abortion," that UNFPA's funding in China amounted to "support for or participation in the management of" China's program, and that, therefore, it was not permissible to continue funding for UNFPA at that time. In notifying Congress of his decision, the Secretary pointed out, "Regardless of the modest size of UNFPA's budget in China or any benefits its programs provide, UNFPA's support of, and involvement in, China's population-planning activities allows the Chinese government to implement more effectively its program of coercive abortion."

The Department has been in consultations with China since 2002, but China has not eliminated its coercive practices. The Department has also discussed with UNFPA its Fifth Country Programme in China and has suggested various proposals that would permit the United States to fund UNFPA consistent with Kemp-Kasten. We continue to consult with the Chinese government and with UNFPA. The Department is currently reviewing the status of China's family planning program and UNFPA's funding in China with the view to determining whether funding for UNFPA is permissible in fiscal year 2004 in light of Kemp-Kasten.

MILLENNIUM CHALLENGE CORPORATION

Question. As Chairman of the Board of the Millennium Challenge Corporation, how much of the \$2.5 billion in the President's budget request for the Millennium Challenge Account (MCA) do you anticipate obligating in fiscal year 2005? Of the \$1 billion Congress appropriated in fiscal year 2004, how much do you anticipate obligating this year?

Answer. This question has been sent to MCC for response.

The Committee notes that no response was received.

Question. I also want to thank you for agreeing to provide \$2.5 million for programs to protect intellectual property rights overseas. This is an important, bipartisan initiative that is widely supported here in Congress. I am not going to micro-manage the process or favor one group over another for receiving this money—that is an issue for your Department to determine. However, I am wondering if you could get back to me, for the record, with more details on INL's plans for this \$2.5 million.

Answer. The State Department shares Congress's strong commitment to protecting the intellectual property of U.S. artists, inventors and industries from foreign counterfeiters and pirates. We view the State Department's role in this effort as crucial to our country's economic growth and to the well-being of our citizens.

In response to the fiscal year 2004 budget report language regarding the allocation of \$2.5 million in crime funds for anti-piracy programs, the State Department initiated a process to seek new training and technical assistance proposals from various United States government agencies and our overseas missions, with input from industry. We received over 90 proposals covering 46 countries, reflecting the growing demand for training and technical assistance from our foreign law enforcement partners.

These are largely proposals for government-to-government training and technical assistance programs focused on building legal regimes and intellectual property law enforcement capacity. The proposals range from educating foreign judges and prosecutors on international IP standards, to hands-on border enforcement and forensics training for foreign customs officials.

The State Department is now completing its review of these proposals and will soon begin consulting interested parties, including the Appropriations Committees, on its recommendations. Our goal is to begin obligating the funds for these programs during the summer of 2004.

Question. As you know, I have been urging the Administration to rejoin the International Coffee Organization (ICO). While the ICO will not solve the international coffee crisis, which has undermined U.S. assistance and counter-narcotics efforts around the world, it could be a useful instrument to help forge a multilateral consensus on how to address this crisis.

What is the status of the U.S. membership in the ICO? And, where is the Administration in terms of formulating a comprehensive strategy to address the coffee crisis, as urged by the Congress in resolutions passed at the conclusion of the 106th Congress?

Answer. While we all understand our membership in the ICO will not solve the coffee crisis, we view the ICO as a potentially important tool in bringing concerned parties together. We hope we will soon meet the conditions under which the United States might rejoin.

A joint State-USTR delegation is attending meetings of the ICO in London May 14–21, where we anticipate the ICO will take positive steps to resolve our concerns on Resolution 407 and satisfactorily address legal and regulatory concerns before we can accede to the 2001 International Coffee Agreement. We will also seek to address institutional issues such as a voting structure that currently favors the EU. After these meetings, Under Secretary of State Larson will meet for a second time with members of U.S. Industry regarding their programs. In anticipation of needing to meet an obligation for dues to the ICO, the State Department will continue to work closely with OMB and the appropriate congressional committees. We expect to be able to make a final decision on membership in the coming months, and before the next ICO meetings in September.

Although coffee prices have seen a significant rebound in the last year, we have made our review of membership in the ICO the focal point of our activity related to the coffee crisis. However, we see the ICO primarily as a tool in implementing our broader efforts. Should we join the ICO, we will do so with a positive agenda to improve opportunities for producers and enhance the choices available to consumers. Recognizing that the coffee crisis has a variety of causes and differing effects, the Administration's programs are generally focused on the unique needs of individual countries or regions.

USAID is providing resources and coordinating initiatives to address the worldwide humanitarian crisis caused by low coffee prices. Currently, USAID supports coffee activities in over 25 countries in Latin America, Africa, and Asia. These programs work to promote small- and medium-holder coffee systems compete in the international market. USAID is using a two-pronged approach. First, where potential exists for coffee farmers to effectively compete for premium prices in a differentiated market, USAID is working to improve local capacity to produce quality coffee that the market demands and to promote effective marketing thereby increasing the price farmers earn for their product. Second, USAID programs assist farmers that cannot compete within the coffee sector to diversify their activities and identify other sources of income.

Question. Can you give me a status report on the implementation of FIA, especially with respect to the role of DRL in assigning officers to human rights positions?

Answer. Starting with the Summer 2004 Foreign Service assignment cycle, which began in October 2003 and covers assignments for positions coming open between May and October 2004, DRL developed a list of priority positions on which it wanted to concentrate during this first stage of the development of this procedure. The list of priority positions to be filled during the Summer 2004 cycle was given to the regional bureaus concerned.

DRL's Executive Office reviews all bidders on these positions and provides the Assistant Secretary with their names and pertinent information on their assignment history and experience. In addition DRL actively recruits and encourages eligible bidders who are well and favorably known to the bureau to bid on human rights reporting positions overseas, including senior positions. Using this information and other details available to DRL, the Assistant Secretary determines our preferred candidates. Those names are then given to the regional bureaus that bring the preferred candidates to panel for assignment. Thus far, no regional bureau has disagreed with a DRL recommendation. In any case, no assignment will be finalized without the approval of DRL's Executive Office. We anticipate expanding formal recommendations in the next cycle to include more senior positions that have responsibility for human rights.

The excellent cooperation between DRL and the regional bureaus exhibited during the initial 2004 assignment cycle suggests that the objective of the legislation will be clearly and effectively met and the assignment of officers to human rights reporting positions in the manner envisioned by the FIA will become a routine aspect of the assignments process.

Question. The situation in Indonesia continues to be very discouraging. Recently, the Indonesian Supreme Court cut by half the jail sentence of a Muslim cleric who had been convicted for his involvement in a Southeast Asian terrorist network linked to al Qaeda.

In the province of Aceh there are reports of atrocities by the Indonesian military and police.

It has been almost two years since the killings of two Americans and one Indonesian near the Freeport gold mine in Papua in August 2002, and we are still waiting for the results of the investigation.

There does not seem to be any progress in bringing to justice those responsible for the killings and destruction in East Timor after the 1999 referendum there.

A. Indonesia is an important country and we have important interests in that part of the world. But President Megawati and the military hierarchy don't seem to be listening to us when it comes to human rights. Or am I missing something?

Answer. As the world's most populous Muslim country, Indonesia takes on global significance. Indonesia is an example that Islam and democracy are compatible. Most political and economic trend lines for Indonesia are heading in a positive direction, even if they start from a low base. Indonesia is becoming ever more democratic—it will hold its first-ever direct presidential election this year.

However, we remain concerned about Government's poor human rights record, particularly in Aceh where martial law is currently imposed. The need for accountability for human rights abuses committed by the Indonesian military and pro-Indonesia militias in East Timor in 1999 cannot be ignored. We have repeatedly urged the Indonesian government to fulfill its commitment and pursue its internal investigation in a vigorous, expeditious and credible fashion. Together with the United Nations and concerned member states, the United States supports efforts such as those of the Serious Crimes Unit—a Timorese Prosecutor's office funded by U.N. peacekeeping contributions—to ensure justice for past human rights abuses in East Timor. We continue to consult with partners on options to ensure a credible level of justice for past human rights abuses in East Timor.

Question. B. If the investigation produces enough evidence to bring charges against those responsible for this crime, will you insist that they be prosecuted and appropriately punished, not just let off with a slap on the wrist the way it always seems to happen in Indonesia?

Answer. The United States has no higher priority in its dealings with the Government of Indonesia than seeking justice in the murder of American citizens in Papua. We have told the Government of Indonesia, at the highest levels, that we expect a full and impartial investigation, and that failure on this front would have negative consequences for our overall bilateral relationship. The Indonesian government, at the highest levels, has stated its commitment to a complete and transparent investigation into the killings. We expect the Indonesian Government to fulfill that commitment.

Question. C. Please provide a detailed accounting of State Department counterterrorism assistance—training, equipment, and any other assistance—provided to Indonesian security forces, including the police, during fiscal year 2002, fiscal year 2003, and the current fiscal year, as well as any such assistance proposed for fiscal year 2005, and which entities within Indonesia will be the recipients for this assistance.

Answer. The State Department provides capacity building assistance to the Indonesian National Police's (POLRI) counterterrorism unit—“Special Detachment 88.” Our counterterrorism (CT) assistance totaled \$8 million in fiscal year 2002 and \$4 million in fiscal year 2003. We have requested \$4 million for fiscal year 2004 and \$6.5 million for fiscal year 2005. This funding will support training of three Counterterrorism Investigation (INV) teams (90 officers total) by ATA/FBI. As part of this training, we supply certain investigative equipment to the teams. The first team of CT investigators (30) graduated July 18, 2003, and the graduates were immediately assigned to investigate the Parliament bombing and the August 5, 2003, Marriott Hotel Bombing.

We will train three Explosives Incidents Countermeasures (EIC) teams (45 officers total). The first EIC team (15 officers) began training 25 August 2003. As part of this training, we supply the teams with certain tactical equipment. We will also train six Crisis Response (CRT) Teams (144 officers total). The first CRT team (24 officers) began training September 1, 2003. We provide certain tactical (SWAT) equipment and vehicles. Our assistance will support two CRT Train-the-Trainer (CRT-TTT) classes (24–36 officers) in fiscal year 2004–2005 to develop trainers to sustain and expand the CT Task Force.

In addition to counterterrorism assistance, we provide anti-terrorism assistance (“regular” ATA). In fiscal year 2001, we provided \$1,260,779 for courses in Hostage Negotiation Management, Vital Installation Security, Explosive Incident Countermeasures, Post Blast Investigation, and Terrorist Crime Scene Investigation. In fiscal year 2002, we provided \$865,955 for courses in Critical Incident Management, Hostage Negotiation Management, and Mail Security. We provided \$778,712 in 2003 for courses in Senior Crisis Management, WMD Awareness Seminar, and Explosive Incident Countermeasures.

The State Department, in conjunction with the Department of Justice, is assembling a package of equipment and training to the Attorney General's new CT and Transnational Crime Task Force to handle all terror trials. This assistance package will be approximately \$750,000 and is anticipated to begin in Spring, 2004.

Question. What specific procedures will be taken to ensure that this assistance will not be used in a manner that violates human rights?

Answer. Training for the Indonesian military is restricted to non-lethal programs, and covers topics designed to promote the establishment of a more professional military, such as national security decision-making, defense restructuring, civil-military relations, military justice, and peacekeeping operations, not to mention English language training. Training for the police is either specifically focused on appropriate use of force, human rights and democratic policing (ICITAP), or in the case of anti-terrorism assistance (ATA), includes a specific module on human rights.

All refresher and advanced training provided by ATA also includes specific modules to ensure that graduates remain cognizant of their human rights responsibilities.

Question. Please describe in detail the process by which the Administration ensures that members of the Indonesian military and police slated to receive U.S. training or other assistance have not previously engaged in human rights abuses.

Answer. The Embassy section or agencies that proposes a candidate for training requests biographic information from the candidate. The nominating section vets the candidate and/or unit, drawing from its files. If the candidate passes the initial screening, the candidate's name is submitted to other Embassy sections and agencies for screening.

If at any point in the process, any doubt or hint of past human rights violations arise, the Embassy rejects the candidate. In a few cases, the Embassy may recommend that a further investigation is needed. If so, a more thorough screening continues and the Embassy forwards the case to Washington for decision.

Question. How are proposed participants vetted? Who conducts the vetting? What data banks and other sources of information are used for vetting?

Answer. The Embassy Defense Attaché's Office, Office of Defense Cooperation, Regional Security Office, Consular Section, Political Section, and other agencies all vet proposed candidates. They draw on their agencies' national-level databases and records, as well as files held at post. Questionable candidates are referred to the Defense Intelligence Agency for a more thorough search of the National Intelligence Database.

Question. Does the vetting process include review of information available to United States and Indonesian human rights organizations?

Answer. Yes, when those files are available on line or when the Embassy Political Section has reason to believe that derogatory information exists about a specific individual. Again, in cases where credible derogatory information exists the Embassy rejects the proposed candidate. If any questions arise in the case of police candidates, the name is submitted for assessment to Indonesian Police Watch, an NGO that monitors Indonesian police activities.

Question. Does the vetting include review of relevant records available to other governments with which the U.S. Government has a close working relationship (e.g., the Jakarta Embassies of Australia, the United Kingdom, Canada)?

Answer. Yes, certain U.S. Government databases have links to the records maintained by key allies. In some cases, Embassy officers consult allied embassies with regard to the background and reputation of candidates.

Question. Will the Administration insist on transparent and credible prosecutions of those responsible for the killing and wounding of United States and Indonesian civilians in Timika, August 31, 2002, prior to the provision of IMET assistance to the Indonesian military? If Indonesia fails to bring the killers to justice, what steps is the Administration prepared to take?

Answer. We have repeatedly made clear to senior Indonesian Government officials, in meetings both in Indonesia and Washington, that we expect a full and impartial investigation of this crime, and that failure to conduct such an investigation would have a negative impact on bilateral relations. Our assistance to the Indonesian military is currently limited to E-IMET, and future provision of IMET would take into account the results of the investigation of the Papua murders. We will re-examine all aspects of our bilateral relationship should there be no credible investigation and appropriate follow through on the results of the investigation.

Question. Has Indonesia signed an Article 98 Agreement? If not, has Indonesia been the recipient of a presidential waiver on national security grounds?

Answer. Indonesia has not signed an Article 98 agreement to date. Indonesia does not require a waiver under the American Servicemembers Protection Act (ASPA) as it is not a party to the Rome Statute of the International Criminal Court.

Question. Recent media reports on the use of funds from the U.N.-Iraq Oil for Food Agreement to procure support from prominent world political leaders included the names of senior Indonesian government figures, including President Megawati and DPR (House of Representatives) Speaker Amien Rais. What, if anything, has the Administration done to investigate these charges? What would be the consequences for U.S. policy should the substance of these media reports be validated?

Answer. The Indonesian press has reported the claims of various international media outlets that President Megawati Soekarnoputri and People's Consultative Assembly Chairman Amien Rais received valuable oil contracts from the former Saddam Hussein regime. In response, several political figures close to Megawati and Amien issued strong public denials that the two figures received benefits from the Iraqi Government. Embassy Jakarta reports that other Indonesian sources have privately confirmed these public denials.

President Megawati's opposition to the war in Iraq was consistent with domestic political pressures she faced and established trends in Indonesian diplomacy.

The United States strongly supports the U.N.'s independent Volcker commission charged with investigating allegations of corruption under the Oil for Food (OFF) program, including allegations that many prominent international figures took bribes. In addition, the Iraqis have insisted upon their own investigation.

CPA Administrator Bremer has directed the Iraqi Board of Supreme Audit, which functions much like our General Accounting Office, to undertake the investigation. It is working cooperatively with the Volcker commission to investigate OFF abuses and bring the facts to light. CPA is cooperating closely with both of these efforts.

Question. What has the Administration done in the past six months to bring an end to the bloodshed in Aceh and to restore the December 2002 cease fire that the United States played a critical role in arranging?

Answer. U.S. officials continue to press Indonesian authorities to seek a negotiated settlement to the conflict in Aceh. The Ambassador and other U.S. officials have done so privately at the highest levels of the Indonesian Government, and the Embassy did so publicly, including through issuance of a statement criticizing the decision to extend martial law in November 2003. Through our USAID mission in Indonesia, we support NGOs working on human rights in Aceh, along with a newsletter and website that report on events in Aceh, critical elements given the limited press access to the province.

Embassy officials have visited Aceh on numerous occasions to meet with civilian and military officials as well as civil society figures. Embassy officials monitored legislative elections in the province, helping to ensure a fair vote. In meetings with Indonesian officials in Aceh and Jakarta, Embassy officers have stressed our belief that the conflict is not amenable to a military solution, and our belief that special autonomy represents the best chance for a long-term solution. We have also reiterated our willingness to provide economic assistance for reconstruction in Aceh should another cease fire take place, as well as our willingness to facilitate such a cease fire, if requested. The United States continues to coordinate its actions closely with Japan, the EU, and the World Bank.

Question. In a recent edition of The Wall Street Journal there was a mention that the Administration is going to pledge \$400 million to Cyprus, if a peace agreement between the Greek and Turkish Cypriots is reached. Where is this money going to come from, existing funds, a budget amendment, or supplemental request?

Answer. The pledge will not go forward in view of the April 24 rejection of the unification plan by Greek Cypriot voters.

Question. I can think of a number of countries, who are not going to become members of the European Union, where \$400 million is desperately needed—including several in Latin America, Africa, and Asia. How is this amount of funding for Cyprus justified in light of pressing needs in a number of places that are desperately poor and have closer ties with the United States, such as Haiti, The Philippines, and Liberia?

Answer. The European Union has decided to make available 259 million Euros to northern Cyprus, for the purpose of ending the isolation of the Turkish Cypriots. In light of the efforts of the European Union, we are reviewing our policy towards the Turkish Cypriots. Our efforts in Cyprus aim to resolve a long-standing obstacle to peace and stability at the intersection of two regions critical to U.S. national interests and security. Proposals to fund support for Cyprus reunification come at a time of significant increases in the fiscal year 2004 budget and fiscal year 2005 request for such undertakings as the Millennium Challenge Corporation and the President's Emergency Plan for AIDS Relief.

QUESTIONS SUBMITTED BY SENATOR BARBARA A. MIKULSKI

Question. The United States took great pains to ensure appropriate ethnic and geographical representation in Iraq's interim decision-making bodies. Why was the same attention not given to gender representation, even when women compose a majority of the population?

Answer. We recognize that the women of Iraq have a critical role to play in the revival of their country and we strongly support their efforts. Women play a key role both at the national and provincial level—in the Iraqi Governing Council (IGC) and the governorate and local councils. The IGC has 25 members, including three women. We are making every effort to ensure women are represented at every level of government and, that they continue to be a central part of the Iraqi Interim Government that will take over after the June 30 transition to sovereignty. The State Department is currently focusing programs on preparing women for future leadership roles within the IGC. For example, USAID has focused on women's equality and empowerment through assistance to local government . . . USAID-funded conferences and trainings have helped Iraqi women learn about democracy, legal rights and women's civil society organizations that enable women to advocate for their own rights.

Question. What is being done now, and what more could be done, to ensure the full participation of women in the political process after the hand over of power on June 30?

Answer. President Bush has repeatedly stated that supporting and promoting respect for women's rights is a U.S. foreign policy imperative. The CPA and U.S. Gov-

ernment are working closely with the Iraqi Governing Council (IGC) to ensure that women will be well represented in the Iraqi Interim Government. The Law of Administration for the State of Iraq for the Transitional Period, also known as the Transitional Administrative Law (TAL) makes clear that “the electoral law shall aim to achieve the goal of having women constitute no less than one-quarter of the members of the National Assembly . . .” The United States is committed to doing all it can to ensure the full and fair representation of women and all Iraqis, in the administration of Iraq now and in the future.

Question. What is the State Department doing to help Iraqi women overcome these hurdles? For example, do programs to support the development of political parties advocate and foster the integration of women in political party structures and decision-making? Are there programs to train Iraqi women to effectively compete in the electoral process?

Answer. The United States has sponsored, and will continue to sponsor, a wide range of initiatives to reach out to Iraqi women, from homemakers to professionals and politicians, to ensure their rights and opportunities to fully participate in Iraqi civil society.

- Earlier this year, Under Secretary Dobriansky hosted a roundtable with Iraqi women to elicit their ideas for ensuring the full integration of women in the reconstruction process. As a result of these discussions, the Office of International Women’s Issues provided a list of qualified women inside and outside Iraq who are available to work with the Coalition Provisional Authority on reconstruction issues.
- The State Department helped send a delegation of Iraqi women to the June 2003 Global Summit of Women (GSW) conference in Morocco. Forty women ministers and over 700 delegates from approximately 80 countries met to discuss women’s economic development and business. It was the first GSW meeting held in the Arab world, and provided Iraqi women with the opportunity to network with their counterparts in the region.
- The Department of State’s Educational and Cultural Affairs Bureau is organizing a series of International Visitor (IV) Programs on business opportunities for professional Iraqi women. It is also organizing interactive Digitized Video Conference programs between members of Iraqi women’s NGOs and their counterparts in the United States.

Since April 1, 2003, USAID has focused on women’s equality and empowerment in Iraq, through assistance to local government and civil society organizations, directly and immediately touching the lives of Iraqi women. USAID-funded conferences and training have helped Iraqi women learn about democracy, human rights, women’s legal rights, and women’s civil society organizations that enable women to advocate for their needs at both the local and national government levels. The CPA and USAID, for example, are working with local women’s groups to establish nine centers for women in Baghdad and five in Southern Iraq to provide educational programs, job skills training, rights awareness seminars, and mentoring programs. Additionally, in early 2003, the United States committed approximately \$2.5 billion in humanitarian and reconstruction aid to Iraq. In November 2003, Congress approved President Bush’s request for an additional \$18.7 billion over the coming 18 months. Some of these funds will be used to restore Iraq’s infrastructure, while other portions are allotted to democracy building, economic development, employment, medical, and educational needs, with full attention to the equal participation of women.

The leadership experiences gained through involvement in these various activities, including in-country councils, conferences, external visits, and inter-organizational collaboration are helping prepare Iraqi women for professional and political careers. By supporting these types of initiatives the United States is working to expand the pool of trained Iraqi women, a vital task given the centrality of Iraqi women to the future prosperity and stability of Iraq.

Question. The Iraqi Governing Council passed Resolution 137 in a closed session in December 2003. The resolution sought to impose sharia—Islamic law—in the new Iraq. Imposing sharia would have severely rolled back rights that women have enjoyed in Iraq since the end of the Ottoman Empire. Iraqi women took to the streets protesting the measure and succeeded in having it revoked. The Transitional Administrative Law has a bill of rights for all citizens and says that sharia is one of many sources of law.

How confident are you that the rights of women will be preserved in Iraq after the transfer of sovereignty?

What is being done now to lay the groundwork for preserving the rights of women in Iraq?

Answer. The Transitional Administrative Law (TAL) guarantees the basic rights of all Iraqis, men and women, including freedoms of worship, expression, and association. The TAL also protects union and political parties and outlaws discrimination based on gender, class, and religion. Looking ahead beyond the June 30 transfer of sovereignty, this Law provides that the electoral system should aim to achieve the goal of having women constitute not less than 25 percent of the Transitional National Assembly. In addition, seven women were recently appointed as Deputy Ministers in the current Iraqi administration.

As for other groundwork, U.S. policy is to ensure that Iraqi women are fully involved as planners, implementers, and beneficiaries in the reconstruction of their country. The Administration has worked closely with Congress to establish programs dedicated to promote equal rights and economic opportunities for Iraqi women.

On March 8, I announced two more initiatives: First, a \$10 million Iraqi Women's Democracy Initiative to promote women's political participation. A comprehensive and open RFP for this initiative has been posted, with proposals due by June 1. We expect to select the winning entries and inaugurate actual projects on the ground shortly thereafter. The second initiative is a United States-Iraq Women's Network. This is a public-private partnership between Americans and Iraqis to mobilize expertise and resources for Iraqi women. At the same time, USAID is implementing civic, economic, and political training programs for Iraqi women totaling \$17 million.

There is also significant international support for women's initiatives in Iraq. The British government, through DFID, supports women's programs. The recent Iraq Reconstruction Conference in Europe devoted a special panel to the subject of women. Finally, the international NGO community is actively engaged in supporting Iraqi women's programs as well.

Question. What can we count on you to do to ensure that our assistance funds support the hard work of indigenous Afghan women's NGOs and help build Afghanistan's civil society?

Answer. In fiscal year 2004, \$60 million was specifically earmarked by Congress to support women and girls in Afghanistan, and we have exceeded that requirement. USG programs that benefit women are a mix of components within existing programs (\$65,469,000) and new programs (\$15,000,000) that focuses on advancing the participation and voice of Afghan women in local governance, and their access to services. The U.S. Agency for International Development, Department of State, and many other government and non-government entities are engaged in funding and implementing projects.

AFGHANISTAN—RELEASE OF 2004 SUPPLEMENTAL FUNDS FOR AFGHAN WOMEN

Question. Congress provided substantial fiscal year 2004 supplemental appropriations for aid to Afghanistan. \$60 million was directed to programs to aid Afghan women. How will the \$60 million be allocated, and when will it be released?

Answer. In fiscal year 2004, while Congress earmarked \$60 million for Afghan women and their development, the United States Agency for International Development (USAID) has been spending \$71.8 million on advancing the status of women in Afghanistan. These funds include the continuation of projects including education (\$29 million), healthcare (\$10.3 million), private-sector integration (\$1.5 million), political development by supporting the Bonn Process (\$15 million) and government support to the Afghanistan Ministry of Women's Affairs (\$1 million). Through these initiatives, USAID is working to ensure that women are active participants in the private and public sectors of Afghan life. The supplemental funds also went to the Women's Empowerment Program (\$15 million), which helps women participate in community activities and local governance. This program includes the Women's Private Sector Initiative, which strives to provide women with enterprise-skills training and other tools to strengthen the environment for women's involvement in the private sector.

The Empowerment Program also includes the Women's Teacher Training Institute and Afghan Literacy Initiative, which target young girls who do not have formal access to school with literacy-development programs.

Question. Outwardly, there has been progress on women's rights in Afghanistan, with a women's bill of rights and a set-aside for 25 percent of the lower house of the legislature for women. However, there has been little improvement in the lives of most Afghans—men, women, and children—especially those in rural areas.

What is the strategy to reach women and other vulnerable Afghans in rural areas?

Answer. Much of the \$60 million specifically earmarked by Congress to support women and girls in Afghanistan has gone to those living in rural areas.

In education, the Afghan Primary Education Program (APEP) has set aside \$20 million of a total \$95 million in fiscal year 2004 to provide accelerated learning for girls, train female teachers, provide textbooks for girls in both the formal and informal school systems, and provide vocational training for women. In addition, we are contracting the reconstruction of a women's dormitory (\$8 million) that will house 1,000 women from rural areas and allow them to reside in safe surroundings while they attend University of Kabul and/or the Education University.

In healthcare, the Rural Expansion of Afghanistan's Community-based Healthcare (REACH) program is significantly lowering maternal and child mortality and morbidity in Afghanistan. Of the \$52 million total funding for REACH in fiscal year 2004, over \$10 million is being given in grants for the delivery of health services by local women-focused NGOs and to vocational training for women as community healthcare workers and midwives. The first class of 25 rural-based midwives graduated from an 18-month long training in April 2004, and by summer 150 trained midwives will be attending to Afghan women and children.

In the private sector, we are providing \$3.5 million for private sector development for women and to secure women's property rights by helping to educate women about their property rights in Islam and assisting women in accessing sensitively delivered legal assistance to use new, more transparent administrative and judicial processes.

To support democracy, civil society, and the elections, \$25,000,000 of a total \$139,900,000 in fiscal year 2004 funding is being used to support women's participation in the democratic process. A portion of these funds was used to provide technical assistance to the Constitutional Commission and the Constitutional Loya Jirga, including support for public education campaigns and consultations focused specifically on ensuring that women's views were incorporated in the constitutional process. Women participated in all phases of the drafting process, made up 20 percent of the Loya Jirga Delegates, and succeeded in passing a new constitution enshrining equal rights for women. These funds are also being used to ensure the registration and participation of women in upcoming national elections. We have set aside \$10 million to develop a community empowerment initiative that ensures women's participation in local governance, builds capacity of women's community development councils, oversees women's block grants issued by the Ministry of Rural Rehabilitation and Development, and supports the coordination of multiple activities and services for women at the community level. The program will also provide small grants to the councils to develop community-owned centers that provide a venue for women to participate in governance issues; that provide them with services such as literacy training, health education, early childhood development assistance, vocational training and micro credit, and where they can develop cooperative enterprises. We are also providing \$1 million to help fund the Ministry of Women's Affairs and \$2.5 million to fund the new Office of Women's Internal Affairs and Human Rights in the Afghan Ministry of Foreign Affairs. The United States-Afghan Women's Council and State Department have fostered women's participation in the political, social, and economic sectors through exchanges, mentoring, and specific projects totaling nearly \$1 million for programs in rural-based women's centers, including adult literacy and vocational training.

Finally, our PRTs are supporting women and girls, with \$469,000 spent to renovate women's dormitories at Kandahar University and Kunduz Teacher's Institute and for the rehabilitation of a women's sponsored silkworm production factory in Mazar-i-Sharif. We expect other PRT projects supporting women to be nominated for funding in the future.

Question. What is being done to improve security so aid efforts can reach more of the population of Afghanistan?

Answer. The presence of Provincial Reconstruction Teams (PRTs) throughout Afghanistan is intended to provide a secure environment for NGOs to safely carry out activities. PRTs are a multinational effort. In addition to the ten United States-led PRTs, the UK, New Zealand, and Germany (under NATO) are also leading PRTs around the country, and several other nations have indicated a willingness to lead their own. PRTs will form the basis for an expanded NATO/ISAF presence in Afghanistan, particularly critical in the run-up to September 2004 elections.

Question. On March 8, 2004—International Women's Day—President Hamid Karzai was quoted as saying, "Please, my dear brothers, let your wives and sisters go to the voter registration process. Later, you can control who she votes for, but please, let her go."

What is your strategy to really empower women and have them participate in society as equal citizens under the law?

Answer. First, we want to get women registered to vote and into voting booths. Second, we are funding programs to development of civil society, particularly human rights for women. Here are some details.

The Constitutional Loya Jirga approved a new Constitution in January 2004. Women were fully engaged in the constitutional process. Two of the nine members of the Constitutional Drafting Committee, and seven of the 35 members of the Constitutional Review Commission were women. Women held almost 20 percent of the 502 seats, or 105 places, in the Constitutional Loya Jirga.

Women achieved a significant gain with the Constitution's specific mention of women as citizens, and its provision to set aside 25 percent of its seats in the lower house and 17 percent in the upper house of Parliament for women. Afghan women will have the right to vote and run for office in the elections, which are scheduled to take place in September 2004.

As of May 20, 2.56 million eligible voters have been registered to vote. Overall, 807,000 or 31.5 percent of registered voters are female, with a 45 percent level in the Central Highlands. Separate secure spaces have been created for women at polling stations and at voting facilities.

Special efforts are being made to educate using focus group discussion, community interaction and NGO meetings designed to encourage village leaders, men and women on the importance of women voting. Special emphasis has been given to increasing information targeted at women. Over 3,000 civic education classes have been held for a total of 70,500. Of that group, approximately 25,000 have been women. Two Asia Foundation partners are conducting civic education seminars related to the elections. Through a local Afghan NGO called Awaz, 200,000 cassette tapes will be distributed in the south, southeast and east, specifically targeting messages for women, encouraging them to participate in the process and vote. Approximately 400 traveling theater productions carry similar messages to the provinces. Many of these performances will feature the role of women in the elections.

Media use is critically important. Through a Kabul-based media center, the United States has also funded video documentaries and made-for-TV features on women in elections, women in politics, and three "All Women's Radio Stations" that host political programs to encourage women to register to vote. The percentage of women registering to vote in cities such as Mazar-e-Sharif and Herat where these shows are aired are double the national average. The United States supports content for Radio and Television Afghanistan (a national agency) on elections, and specifically provided content to the Internews/Tanin network on its recent weekly program on Women and Islam.

In fiscal year 2004, \$60 million was specifically earmarked by Congress to support women and girls in Afghanistan, and we have exceeded that requirement. U.S. programs that benefit women are a mix of components within existing programs (\$65,469,000) and new programs (\$15,000,000) that advance the participation and voice of Afghan women in governance, and their access to services. We have many projects in place to ensure the protection and promotion of women's rights. The United States addressed the needs of women in many of its reconstruction programs and implemented more than 175 projects to increase women's political participation, role in civil society, economic opportunities and education. The United States has allocated \$2.5 million for the construction of Women's Resource Centers in 14 provinces throughout Afghanistan. In Kabul and nearby towns, the United States supports the establishment of an additional 10 neighborhood-based Women's Centers. All these Centers will provide educational and health programs, job skills training and political participation training to women. Through the United States-Afghan Women's Council, the United States is providing \$1 million for educational training at the Centers.

In sum, our strategy for Afghanistan includes supporting and encouraging Afghanistan to evolve into a nation that respects human rights, possesses strong democratic institutions and an independent judiciary, and conducts free and fair elections. We encourage full implementation of the Constitution and establishment of programs that promote economic and political empowerment.

Question. How are we ensuring that women will be involved fully in electoral and political processes?

Answer. The United States is providing \$15 million to assist in voter registration, and another \$8.86 million to support the electoral process in Afghanistan through programs that include civic and voter education, focus group research, training for political parties and civic activists. Extensive voter education will be required to inform the population about both the importance of the elections and the procedures for participating in the elections, which are scheduled for September 2004. Special programs have targeted women, educating them on the importance of voting and political participation. Voter registration is underway, and as of May 20, 2.56 million

eligible voters have been registered to vote. Overall, 807,000 or 31.5 percent are female, with a 45 percent level in the Central Highlands. Special efforts are being made to encourage women to register, approaching village leaders and the men and women themselves through focus group discussions, community interaction and NGO meetings. The rural nature and security concerns make registration difficult, so the United States is funding a program of mobile vans to go directly to voters in their villages. In Mazar-e-Sharif and Herat, where women have their own radio programs, women are registering at twice the national average.

To support democracy, civil society, and the elections, \$25 million of a total \$139.9 million in fiscal year 2004 funding is being used to support women's participation in the democratic process. A portion of these funds were used to provide technical assistance to the Constitutional Commission and the Constitutional Loya Jirga, including support for public education campaigns and consultations focused specifically on ensuring that women's views were incorporated in the constitutional process. These funds are also being used to ensure the registration and participation of women in the national elections, which are scheduled for September 2004. The United States funded a \$1.2 million program in political party development and domestic election monitoring and also funded a countrywide program on civic education, particularly for women, to promote their acceptance of and familiarity with democratic norms and civic responsibility in Afghanistan.

The United States also funded a project to promote women's participation in the political process in central Afghanistan, offering workshops and discussion groups to rural women and support to potential female Constitutional Loya Jirga and parliamentary candidates. We have set aside \$10 million to develop a community empowerment initiative that ensures women's participation in local governance, builds capacity of women's community development councils, oversees women's block grants issued by the Ministry of Rural Rehabilitation and Development, and supports the coordination of multiple activities and services for women at the community level. The program will also provide small grants to the councils to develop community-owned centers that provide a venue for women to participate in governance issues, have access to services such as literacy, health education, early childhood development, vocational training and micro credit, and where they can develop cooperative enterprises. We are also providing \$1 million to help fund the Ministry of Women's Affairs and \$2.5 million to fund proposals from the new Office of Women's Internal Affairs and Human Rights in the Afghan Ministry of Foreign Affairs.

MILLENNIUM CHALLENGE ACCOUNT AND CORE DEVELOPMENT ACCOUNTS

Question. Funding for the MCA in fiscal year 2004 was far below the level needed to meet the President's commitment, and the fiscal year 2005 budget request includes only \$2.5 billion for the MCA. Moreover, core development accounts are being depleted. This year's request is \$56 million below last year's enacted levels.

- How do you justify the reductions in the core development accounts?
- Do you expect to meet the President's commitment of \$5 billion in new funds for the Millennium Challenge Account without further reductions on other development assistance?

Answer. These questions have been sent to MCC for response.
The Committee notes that no response was received.

Question. Over the past decade, 370 women have been brutally murdered in a string of unresolved murders in the cities of Juárez and Chihuahua, Mexico. Over 450 women have been abducted—of those, 30 are Americans—and over 100 have shown signs of sexual assault, rape, beating, torture and mutilation. Media reports have tied the killings to drug running and have implicated state and local police. Mexico's President, Vicente Fox, has been slow to act on this issue. Recently, bending to international pressure, he has appointed a federal commission to prevent and punish violence against women in Ciudad Juárez and a special prosecutor to coordinate federal and state efforts to punish assailants, but both efforts lack funding and teeth.

What are you doing to raise the profile of these murders and get the Mexican Government to take effective action?

Answer. The murders of women in Ciudad Juárez are a matter of great concern to the Department of State. The Department of State, with the assistance of the U.S. Embassy in Mexico City and the U.S. Consulate General in Ciudad Juárez, has closely followed the situation and the inconclusive efforts of Chihuahua state law enforcement authorities to resolve these murders. Department of State officials have met with Mexican human rights organizations to discuss the latter's view that these cases have been mismanaged by Mexican state and local law enforcement. Department of State officials have also discussed the matter with officials of the Mexican

Government. I raised the issue with my Mexican counterpart during the November 12, 2003, United States-Mexico Binational Commission meeting, reiterating our concern over this tragic situation.

As you know, President Fox has ordered the Federal Attorney General's Office (PGR) to assist local authorities in bringing to justice those responsible for these crimes. In June of last year, units of the Federal Preventive Police were sent to Ciudad Juárez to reinforce the local authorities. In August, a joint task force was created between the PGR and the State Attorney General's office. In October President Fox appointed a commissioner to coordinate the Mexican Federal Government's participation in the case, and in January of this year the PGR named a special prosecutor on the matter.

While we cannot independently verify the figures, we note the Mexican Government claims that the recent appointments and coordination efforts appear to have reduced the incidence of murders of women in the city. The Mexican Government has also advised that, while overall the investigations are still not advancing as fast as they wish, of 328 cases involving murders of women, 103 convictions have been obtained, and arrest warrants have been issued in another 27 cases.

We note that Mexico has been open to outside expert evaluation of the problem and has invited numerous entities, including the United Nations Office on Drugs and Crime and the Inter-American Commission on Human Rights Rapporteur on the Rights of Women, to visit Ciudad Juárez to examine the situation.

Offers of technical assistance and training have been made to Mexican law enforcement authorities by U.S. law enforcement authorities and a working group has been formed with the Mexicans to facilitate the provision of assistance. The U.S. Government funds and coordinates a broad range of training programs as well as material and technical assistance to Mexican federal law enforcement agencies to increase their crime-fighting capacities, including their ability to render assistance to Mexican state and local law enforcement. We have offered to tailor technical or other assistance to the PGR or to state and local police, if desired by the appropriate Mexican authorities, to help them address the crimes in the Ciudad Juárez area.

Question. What revenues are being generated by Iraqi oil production? How are these funds being accounted for? What percentage of Iraq's reconstruction is being paid for from Iraqi oil revenues?

Answer. Iraq's 2004 first quarter oil revenues just surpassed the \$4 billion mark. Since the liberation of Iraq, over \$9 billion has been generated. The current budget projects 2004 revenues of \$14.175 billion, but some current projections estimate that it will rise to at least \$14.5 billion.

The Iraqi Oil Ministry accounts for oil revenues with assistance from the Coalition Provisional Authority in Baghdad. Oil export revenues, in accordance with United Nations Security Council Resolution 1483, are deposited directly in the Development Fund for Iraq. This fund, as well as the export oil sales themselves, are subject to external audit by an independent public accountant that reports both to CPA and to the International Advisory and Monitoring Board (IAMB) endorsed by the resolution. The IAMB includes representatives from the International Monetary Fund, the World Bank, the Arab Fund for Social and Economic Development and the United Nations.

The United Nations and World Bank needs assessment for Iraq's reconstruction from 2004 to 2007 totaled \$56 billion. CPA currently projects that oil revenues from 2004 to 2007 will finance \$12.1 billion of capital projects, or just under 22 percent of the total estimated reconstruction cost of \$56 billion.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

Question. Would you support and work for a modification of the MCC's eligibility criteria to provide a greater focus on women and to include these additional indicators in the criteria in order to endure that this half of the world's population is not left to suffer discrimination and disparate treatment even as their countries move toward greater development?

Answer. I strongly believe that the participation of women is vital to the success of a country's long-term development strategy. The MCC criteria already support this proposition. In the selection of eligible countries, the Board is required by the legislation establishing the MCC to, where appropriate, take into account and assess the treatment of women and girls. Eligibility criteria already require "political pluralism, equality and rule of law," "respect for human and civil rights," and "investments in the people of the country, particularly women and children." The indicators used this past year reflect this emphasis. Countries that did not provide suffrage or civil rights for women were unlikely to score well on the indicators regarding po-

litical rights, civil liberties, or voice and vote. Countries that did not provide adequate education or health care for women did not score well on indicators of primary education and inoculation rates. To provide a check on these indicators, the Board was able to consider information from the State Department Human Rights Report regarding the treatment of women and girls and to consider both the level and trend of girl's enrollment rates in primary school.

The eligibility criteria in the MCC's legislation already place a clear and rightful emphasis on the role of women. No additional legislative language is needed. I believe the MCC should evaluate its methodology and indicators each year to make sure it is meeting the criteria and be open to including new indicators that provide a better measure of whether a country has, as the statute states, demonstrated a commitment to "just and democratic governance, economic freedom, and investments in the peoples of such country, particularly women and children."

BASIC EDUCATION FUNDING AND THE G-8 SUMMIT

Question. Mr. Secretary, you and I agree that basic education is important to our strategic and developmental interests around the world. You have spoken eloquently on the subject many times, and our National Security Strategy recognizes the link between poor education and reduced security. Unfortunately, the Administration's budget request would cut basic education support by \$23 million under Development Assistance.

Last December, 18 Senators and 63 Members of the House wrote to the President urging him to use the G-8 Summit this June as a venue to launch a significant U.S. Initiative on basic education and galvanize the world community to achieve the goal of education for all by 2015.

Reports suggest the Administration is proposing that the Middle East be a principal focus of this year's G-8 Summit. I understand that priority. I do not think it is incompatible with a major initiative to promote basic education.

—Please explain the proposed funding cut for basic education in the Development Assistance account in light of our strategic objectives.

—Please comment on the possibility that the Administration might make this year's G-8 Summit the "Basic Education Summit".

Answer. Education is a priority issue for this Administration. It is an important long-term investment in sustaining democracies, improving health, increasing per capita income and conserving the environment. Economic growth in developing countries requires creating a skilled workforce. President Bush has helped to give education a strong profile in the G-8 in recent years, and work is being carried forward actively both multilaterally and bilaterally. We are working internationally to support countries' efforts to improve the education and to get measurable results on enrollment and educational achievement.

Since the submission of the USAID fiscal year 2005 Congressional Budget Justification, projections on basic education levels have changed somewhat for both fiscal year 2004 and fiscal year 2005. While there is a \$22 million reduction in Basic Education funded by Development Assistance (DA) from fiscal year 2004 to fiscal year 2005 (from \$234 million to \$212 million), the currently projected total for basic education from all accounts for both fiscal year 2004 and fiscal year 2005 is \$334 million. The Administration intends to continue to maintain its strong interests in this area. In fact, the United States support for basic education from all accounts has more than doubled from fiscal year 2001 to fiscal year 2004, in recognition of its importance to giving people the tools to take part in free and prosperous societies.

FEMALE GENITAL CUTTING

Question. It is my understanding that USAID is developing a strategy for eliminating female genital cutting around the world. I would like to call to your attention the work of the group Tostan in Senegal, which has impressed observers by inspiring the mass abandonment of female genital cutting in more than 1,200 villages since 1997. This kind of extraordinary progress should be encouraged.

Please provide me with (a) a timetable for the timely completion of USAID's strategy, (b) an indication of the likely role of multi-dimensional programs such as Tostan in that strategy, and (c) your sense of whether it might be possible to begin supporting effective programs such as Tostan even before the strategy is completed.

Answer. (a) USAID will complete its Female Genital Cutting (FGC) Abandonment Strategy and implementation plan by early summer.

(b) Multi-dimensional programs such as Tostan currently are integral to USAID's work. Accordingly, USAID incorporated eradication of FGC into its development

agenda and adopted a policy on FGC in September 2000. To integrated this policy into programs and strategies, USAID:

- Supports efforts by indigenous NGOs, women's groups, community leaders, and faith-based groups to develop eradication activities that are culturally appropriate and that reach men and boys as well as women and girls.
- Works in partnership with indigenous groups at the community level, as well as with global and national policymakers, to reduce demand by promoting broader education and disseminating information on the harmful effects of FGC.
- Collaborates with other donors and activists to develop a framework for research and advocacy and to coordinate efforts, share lessons learned, and increase public understanding of FGC as a health-damaging practice and a violation of human rights.

(c) USAID currently funds Tostan projects in Senegal, Guinea, Burkina Faso, and Mali.

In addition to our work with Tostan, USAID is involved with other, comparable organizations. For example, in Nigeria, USAID's local partners include the Women's Lawyers Association and Women's Journalists Association. These groups work with us in programs involving community media and traditional media advocacy to change social norms regarding FGC.

We have conducted an evaluation for Tostan approach. Recently, we supported the dissemination of the findings and results at a symposium in Dakar, Senegal attended by national and international nongovernmental organizations as well as government ministries.

In Mali, we worked with an important women's Islamic group which reversed a previous stance when they affirmed that female circumcision is optional and that the practice is not mandatory under Islam.

Question. I would like to have clarification on the Administration's position on contributions to the Global Fund for fiscal year 2005. The President's budget provides on \$200 million for the Global Fund in fiscal year 2005. This is less than half of the \$547 million Congress provided in 2004 and far less than the \$1.2 billion needed from the United States if we are to meet one-third of the Fund's projected need for 2005. The Global Fund is a critical partner in the 14 countries that are part of PEPFAR (President's Emergency Plan for AIDS Relief) and is needed, perhaps even more acutely, in all the other countries that PEPFAR won't reach. (The Global Fund currently provides grants in 122 countries.) The Global Fund is also currently the most important new source of funding to fight TB and malaria globally.

- Why has the Administration proposed such severe cuts to the Global Fund?
- How will the Global Fund be able to renew existing grant awards from Rounds 1–3, fund Round 4, and award grants in Rounds 5 and 6 to the many countries that are equally needy yet left out of the 14 country initiative, if the United States commitment to the Global Fund is cut by more than half?
- How can we provide leadership to the Fund while providing only \$200 million, which is only six percent of its budget and less than one-third of what is needed to keep existing programs running?
- Will you support funding the Global Fund at a level of \$1.2 billion to meet its 2005 need?

Answer. The President's Emergency Plan for AIDS Relief made a \$200 million per year commitment of pledges for the five-year period of 2004–2008. Our fiscal year 2005 request therefore remains the same as our request in fiscal year 2004. We were the first donor to make such a long-term pledge of support to the Global Fund, which together with our previous donations to the Fund still represents nearly 40 percent of all pledges and contributions through 2008.

The American people can be extremely proud of our record of support for the Global Fund. Our support for the Global Fund is an integral part of the President's Emergency Plan. As you note, we cannot make every country a focus country, and there are other nations equally needy. When the United States contributes to a project of the Global Fund, it means that our dollars are leveraged in these grants by a factor of two, since the United States thus far has provided one-third of all Fund monies. So it is in our interests, as well as the interest of all people struggling against HIV/AIDS, malaria and tuberculosis, to see to it that the Global Fund is an effective partner in the fight against these diseases.

The Fund nevertheless is a relatively new organization, particularly in comparison to the 20 years of bilateral HIV/AIDS programs carried out by the United States and other bilateral donors. Like all new organizations, it is quite understandably undergoing some growing pains. As of April 1, 2004, the Global Fund had disbursed approximately \$280 million since the Global Fund's Board approved its first round of funding in January 2002. This compares to the first \$350 million under the Presi-

dent's Emergency Plan sent to our focus countries only three weeks after the program first received its funding.

This is not to criticize the Global Fund for being slow—indeed, the United States is one of the donors that has been urging the Global Fund to move carefully to ensure accountability and avoid waste. It does highlight, however, the potential effectiveness of bilateral assistance where donors already have an in-country presence.

We need both multilateral and bilateral avenues of assistance; neither the Global Fund nor bilateral donors can do it all. Other bilateral donors also need to step up with greater technical assistance to Global Fund projects, without which those projects will founder.

In addition, the United States believes that in order for funds to be effectively and efficiently disbursed, Country Coordinating Mechanisms (CCMs) and Local Fund Agents (LFAs) must be actively engaged in overseeing the implementation of grant activities. The United States would like to see in particular, a stronger representation of the private sector, NGOs and people living with the diseases on CCMs, which are largely chaired by government ministries. Engaging a broader representation of various stakeholders will help reduce potential acts of corruption and will allow for a wider distribution of funds so that more individuals in need can be served.

The Global Fund has already announced, in advance of the June Board meeting, that technically approved Round Four proposals will not exceed the cash already on-hand; so that at least through this Round, no funding gap exists. And we along with other donors believe that as a new organization, it may be best for the Global Fund not to press its current capacity too far, with Round Five not occurring until 2005 and Round Six in the following year. Its first projects will not come up for review and possible renewal until August 2004, and we will have a better sense at that time of its performance record and future needs.

TUBERCULOSIS TREATMENT

Question. Will you push to expand overall U.S. funding to fight tuberculosis to our fair share of the global effort—about \$350 million—including our fair share to the Global Fund? (The United States is currently investing about \$175 million in tuberculosis from all sources including our contribution to the Global Fund.)

Answer. The fight against tuberculosis (TB) is a very high priority for the United States Agency for International Development (USAID) and the United States is the largest bilateral donor for international TB. Over the last several years, our funding commitment to international TB programs has increased dramatically—from \$10 million in fiscal year 1998 to about \$84 million in fiscal year 2004. TB is a key area in our programs to address infectious diseases. We focus on strengthening TB control at the country level by supporting programs to expand and strengthen the World Health Organization recommended “Directly Observed Treatment Short Course (DOTS)” strategy in 34 countries, including activities in 16 of the 22 high-burden TB countries. We also support research related to new and improved treatment regimens, new diagnostics and approaches to improve the delivery of TB treatment to patients co-infected with TB and HIV/AIDS. In the near future, we will expand our research activities by initiating a new partnership with the Global Alliance for TB Drug Development. We work in close partnership with the National Institutes of Health (NIH) in the area of research, and with the Centers for Disease Control and Prevention (CDC) in supporting DOTS programs throughout the developing world.

The U.S. Government also is the largest bilateral donor to the Global Fund; it has made almost one-third of the contributions (almost \$1 billion) and more than one-third (almost \$2 billion) of the pledges to date. At its eighth board meeting in June in Geneva, the Global Fund approved a fourth round of grants. The four rounds of grants will provide more than \$3 billion over two years and more than \$8 billion over five years to almost 130 countries. The two-year funding for the four rounds includes 13 percent (almost \$400 million) for TB grants, 3 percent (almost \$100 million) for HIV/TB grants, and 1 percent (more than \$20 million) for integrated (HIV, TB, and malaria) grants.

The resources required to fight TB are considerable. While we have to continue with our investments, we need to balance increased funding to TB with other extremely important programs, such as malaria and child and maternal health. USAID and the Centers for Disease Control and Prevention (CDC) are working actively with the Stop TB Partnership and other donors to help meet those needs and to identify new resources to support TB control worldwide.

Question. Will you ensure that the President's AIDS Initiative makes it a priority to expand access to TB treatment for all HIV patients with TB and links TB programs to voluntary counseling and testing for HIV?

Answer. The Office of the U.S. Global AIDS Coordinator is committed to the appropriate coordination and integration of tuberculosis and HIV/AIDS services and programs. As you are aware, opportunistic infections, such as TB and malaria, play a fundamental role in the overall health of HIV infected individuals. TB is frequently the first manifestation of HIV/AIDS disease and the reason many people first present themselves for medical care.

Since both tuberculosis treatment and HIV/AIDS treatment require longitudinal care and follow-up, successful TB programs may provide excellent platforms upon which to build capacity for HIV/AIDS treatment. The Emergency Plan for AIDS Relief will support TB treatment for those who are HIV-infected and develop HIV treatment capacity in TB programs. In addition, interventions that increase the number of persons diagnosed and treated for HIV/AIDS will increase the need for TB treatment and care services. Therefore, action is required to build or maintain necessary tuberculosis treatment capacity. For example, laboratories, clinical staff, community networks, and management structures used for TB control can be upgraded to accommodate HIV/AIDS treatment. Finally, because the prevalence of HIV infection is high among persons with tuberculosis, TB programs will be important sites for HIV testing in the focus countries as well as ensuring that TB testing is available in HIV testing, treatment and care sites.

Question. Mr. Secretary, in September 2002, the National Intelligence Council released a report that identified India, China, Nigeria, Ethiopia and Russia, countries with large populations and of strategic interest to the United States, as the "next wave" where HIV is spreading rapidly. (India already carries one-third of the global TB burden, and because AIDS fuels TB, TB rates will also skyrocket as AIDS spreads.)

- Congress mandated a 15th country be included as a part of the President's AIDS Initiative. The PEPFAR strategy report stated that this 15th country will be named shortly. Do you know that country this will be? If so, can you name the country?
- If not, what consideration is being given to include India as the 15th country, given the large number of HIV cases already present, the growing HIV problem that is likely to become a more generalized epidemic and India's strategic importance?
- India has a remarkable TB program that has expanded over 40 fold in the last 5 years, treated 3 million patients, and trained 300,000 health workers. I would suggest that India's TB program has important lessons for the scale-up of AIDS treatment programs in India and globally and we should support it and use it as a model in fighting HIV/AIDS. Will you support such an effort?

Answer. Consultations regarding the selection of a 15th country have been underway. As a first step, Ambassador Randall L. Tobias, the U.S. Global AIDS Coordinator, has consulted with senior officials within the Administration, including at the U.S. Agency for International Development (USAID), the U.S. Department of Health and Human Services (HHS), and the U.S. Department of State, about possible candidate countries for the 15th focus country. From this consultative process, the following list of 39 countries were identified by one or more of the agencies named above as a potential candidate for the 15th focus country.

EMERGENCY PLAN FOR AIDS RELIEF

15TH FOCUS COUNTRY—INITIAL CANDIDATE COUNTRIES

Albania, Armenia, Azerbaijan, Bangladesh, Belarus, Bolivia, Brazil, Burma, Cambodia, China, Croatia, Egypt, El Salvador, Estonia, Georgia, Guatemala, Honduras, India, Indonesia, Jordan, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Mexico, Moldova, Nepal, Nicaragua, Peru, Philippines, Romania, Russia, Tajikistan, Thailand, Turkmenistan, Ukraine, Uzbekistan, and Vietnam.

Currently, these countries are being considered in the context of the ten standards listed below. These considerations provide a basis for comparative analysis and discussion regarding the potential candidates. It is important to note that these do not represent weighted criteria against which countries will be quantitatively evaluated. We do not expect that any one country will excel in all areas; instead, each country is being evaluated for its collective strengths and weaknesses.

- Severity and Magnitude of the Epidemic.*—The prevalence rate, the rate of increase in HIV infection, and the total number of people living with HIV/AIDS.
- Commitment of Host-Country Government.*—The basis of leadership's willingness to address HIV/AIDS and stigma and its desire to partner in an amplified response.

- Host-Country commitment of resource potential.*—The degree to which the host government has the capacity and the determination to make trade-offs among national priorities and resources in order to combat HIV/AIDS.
- Enabling Environment.*—The level of corruption, stigma, free press, state of government bureaucracies and the strength of bilateral partnerships, all of which support effective use of Emergency Plan resources.
- U.S. Government In-country Presence.*—Whether the country has a strong U.S. Government bilateral in-country presence by USAID and/or HHS.
- Applicability of Emergency Plan Approaches.*—Whether modes of transmission of HIV/AIDS in the host country are receptive to Emergency Plan interventions.
- Potential Impact of Emergency Plan Interventions.*—How many people can be reached and the effect of intervention on the trajectory of disease.
- Gaps in Response.*—Whether the U.S. Government's technical expertise, training, development and strengthening of health care systems and infrastructure would fill gaps in the current response.
- Existence of Other Partners.*—Whether non-governmental organizations and other partners have a substantial in-country presence and can facilitate rapid expansion of services and efficient use of funds.
- U.S. Strategic Interests.*—The Emergency Plan is ultimately a humanitarian endeavor. At the same time, applicability of U.S. strategic interests may further the sustainability of programming, engender new sources of support, and offer increased opportunities for partnerships.

With regard to India, it is among the potential candidates for the 15th focus country. As you know, India has the second largest population of HIV-infected persons in the world, second only to South Africa. Regardless of its selection as a 15th focus country, an amplified response is necessary to stem the potential for a generalized epidemic that would greatly increase India's HIV/AIDS burden. India has a well-developed national strategic plan to address HIV/AIDS and a comparatively large pool of health professionals to assist in its implementation.

In addition, the President's Emergency Plan for AIDS Relief includes nearly \$5 billion to support on-going bilateral HIV/AIDS programs in approximately 100 countries worldwide, including in India. The U.S. Agency for International Development (USAID) and the U.S. Department of Health and Human Services (HHS) are highly engaged and active in the HIV/AIDS response in India. India is a participating country in HHS' Global AIDS Program through which HHS allocated \$2.3 million for HIV/AIDS programs in India in fiscal year 2002, and \$3.6 million in fiscal year 2003. USAID allocated \$12.2 million to HIV/AIDS prevention and care activities in India in fiscal year 2002, and \$13.5 million in fiscal year 2003. Additionally, both the U.S. Departments of Defense and Labor have HIV/AIDS programs underway in India. Numerous other donors, including governments, the private sector, multilateral organizations, and foundations, also fund HIV/AIDS programs in India.

With regard to using India's tuberculosis program as a model for HIV/AIDS treatment, the President's Emergency Plan for AIDS Relief is focused on identifying and promoting evidence-based best practices in combating HIV/AIDS. The Directly Observed Therapy-Short Course (DOTS) treatment that has been so effective in India has served as a model for HIV/AIDS treatment programs in Haiti and elsewhere. It is important to note that unlike TB, HIV therapy is life-long and therefore DOTS will likely require modification to be utilized on a large scale. One of the most important lessons drawn from the DOTS program is its use of community health workers to expand access to treatment. The network model of treatment and care promoted by the President's Emergency Plan implements this lesson by using community health workers to expand access to HIV/AIDS treatment in rural areas where consistent access to medical health professionals is limited.

The President's Emergency Plan for AIDS Relief also recognizes the importance of local context in implementing effective HIV/AIDS treatment programs. India's human resource capacity is significantly greater than that of many focus countries of the President's Emergency Plan, as is the reach of its health care infrastructure. These advantages play a significant role in India's tuberculosis treatment success, but represent limiting factors in access to treatment in the focus countries. Thus, the Emergency Plan, while actively implementing best practices identified from the success of DOTS therapy, focuses significant resources in building human capacity and strengthening health infrastructure in the focus countries to support expanded treatment programs.

Question. The Administration has raised safety concerns about generic drugs manufactured overseas. In some cases, these concerns are legitimate and we would all agree on the importance of safety and quality. For this reason the WHO carefully evaluates the safety and effectiveness of drugs, whether manufactured overseas or

in the United States. Yet, you have questioned the WHO approval process because it is not a regulatory body that requires clinical trials.

In the last week, the Global Fund, the World Bank, UNICEF, and the Clinton Foundation negotiated an agreement that will significantly expand the use of fixed dose combination drugs made in India and South Africa. This will dramatically increase the number of AIDS patients being treated.

—Given the urgent need of millions of AIDS victims, will you consent to allowing the purchase and use of drugs prequalified by WHO while you develop standards and a process to determine whether WHO meets the bar?

—What is the timeline the Administration will use to put in place and judge whether the generic drugs manufactured overseas are safe and efficacious for purchase with bilateral dollars? How are you going to deal with the variations in the procurement of drugs? Will there be an collaboration with the coalition?

Answer. Our policy for the procurement of antiretroviral treatments under the Emergency Plan is to provide drugs that are safe, effective, and of high quality at the lowest cost regardless of origin or who produces them to the extent permitted by law. This may include true generics, copies or brand name products. A true generic drug is one that has undergone review to ensure that it is comparable to an innovator drug in dosage form, strength, route of administration, quality, performance characteristics, and intended use. Drugs that have not gone through such a process are more accurately described as copies.

On March 29–30, 2004, in Gaborone, Botswana, an international conference was held on fixed-dose combination (FDC) drug products. The conference included representatives of 23 governments, drug regulatory agencies, research-based and generic pharmaceutical industry, public health leaders, health care providers, advocacy groups (including persons living with HIV/AIDS), academia, and multilateral and non-governmental organizations. We were very pleased with the broad international support and participation that the conference generated, including from the conference co-sponsors: the Joint United Nations Program on HIV/AIDS (UNAIDS), the World Health Organization (WHO), and the Southern African Development Community (SADC).

The conference successfully completed a vital step forward in developing commonly agreed-upon scientific and technical international principles to evaluate the quality, safety, and efficacy of FDCs for use in treating HIV/AIDS, tuberculosis, and malaria. The conference sponsors, representatives, and experts agreed that the final principles are not intended to and should not impede access to safe, efficacious, and high quality FDCs by people living with HIV/AIDS. The principles are not intended to address specific quality issues, or to develop clinical, therapeutic, or regulatory guidelines. Rather the document will provide scientific and technical principles for considering, developing, and evaluating FDCs for use in treatment. It is anticipated that the principles will be of use to regulatory agencies around the world, as well as to pharmaceutical companies and other organizations involved in developing and evaluating FDCs. In this regard, the principles will aid us in determining the standards we will expect fixed-dose combination drugs to meet to qualify for our purchase and expedite the process by which we can purchase lower-cost, non-patented FDCs with confidence.

We have the highest respect for the WHO and its prequalification pilot program. However, the WHO is not a regulatory authority. We must be assured that the drugs we provide meet acceptable safety and efficacy standards and are of high quality.

Under the Emergency Plan, we intend to support programs that will have a sustainable positive impact on health. If the medications in question have not been adequately evaluated or have had problems with safety or cause resistance issues in the future, we will be appropriately held accountable. We will continue to work with WHO and the international community on this important area. The finalization and adoption of the principles document for FDCs will be a major step forward for all. The final statement of principles is expected to be released during the second quarter of 2004.

MICROENTERPRISE

Question. USAID has been a global leader in the area of microenterprise, but we need to coordinate our efforts with other major players—particularly the World Bank and the United Nations Development Programme (UNDP). The Microenterprise for Self-Reliance Act of 2000 states that the Administrator of USAID and the Secretary of State should “seek to support and strengthen the effectiveness of micro-finance activities in the United Nations agencies, such as the UNDP, which have provided key leadership in developing the microenterprise sector.”

What steps have you taken to strengthen the effectiveness of microfinance activities in the UNDP?

Answer. The United Nations Development Program (UNDP) and USAID are both active members of the Consultative Group to Assist the Poor (CGAP), the 28-donor coordinating body for microfinance. USAID played a leading role in founding CGAP and the agency's financial and technical support has strengthened donors, including UNDP, in a number of ways. Over the past 18 months, for example, CGAP has coordinated a "peer review" process to increase aid effectiveness in microfinance. Seventeen donors, including USAID and UNDP, have been assessed through this process. In each case, the peer review team has identified very specific areas for improvement and has proposed steps to strengthen the strategic clarity, staffing, instruments, knowledge management, and accountability of the microfinance activities of the agency being reviewed. The findings have been shared with other donors. UNDP has taken a number of concrete steps to respond to the findings, and the Administrator of the UNDP provides leadership to the microfinance peer review initiative.

USAID has also worked with other CGAP members to develop stronger donor practices, including the recent drafting of core principles for microfinance that is in the process of being endorsed by all CGAP members. At the last annual meeting, the CGAP member donors also endorsed new requirements for membership, including comprehensive reporting of microfinance activities and results. USAID has also used CGAP to collaborate on developing new tools for microfinance donors, such as common performance measures. USAID, UNDP and CGAP took the lead in developing specialized microfinance training for donor staff, and many staff from UNDP and other donors have benefited from the week-long course.

USAID also takes responsibility for developing knowledge and "how-to" materials in specific areas, such as post-conflict microfinance and rural and agricultural finance. USAID invites participation from other donors in this work. Last month, for example, we convened a donor forum on recent innovations in rural finance and their implications for the donor community. Finally, in the field, USAID is often involved with UNDP in in-country donor coordination efforts in the microfinance arena.

Question. I am concerned that the UNDP has not joined USAID's efforts (which are required by Public Law 108-31) to develop cost-effective poverty-assessment tools to identify the very poor and ensure they receive microenterprise loans.

Will you work with Congress to ensure that UNDP expands its microfinance efforts for the very poor and uses the poverty measurement methods that USAID is developing so that we can be sure that these funds are reaching the people who need them the most?

Answer. USAID has invited CGAP's technical and financial collaboration in developing the poverty assessment tools, as a means to ensure that the broader donor community is aware of and involved in this important work. An ambitious work plan is underway to have the tools designed, field-tested and ready for implementation by USAID in October 2005. Over the coming year, USAID will be testing preliminary tools in the field with diverse partners. This should begin to provide evidence of the value and practicality of the USAID tools for other donors, including UNDP. We hope that the tools will prove sufficiently valuable and cost-effective to suggest ways for donors and practitioners to better serve very poor clients.

Question. Last year, the Appropriations Committee included language in the report that accompanied the Foreign Operations bill (S. Rept. 108-106) indicating that "The majority of microenterprise development resources should be used to support the direct provision of services to poor microentrepreneurs through these networks. Funding for administrative, procurement, research and other support activities not directly related to the delivery and management of services should be kept to a minimum." I am concerned to learn that by USAID's own reporting, only 45 percent of microenterprise funding in 2002—the most recent year for which detailed data are available—went to Private Voluntary Organizations, NGOs, credit unions and cooperatives (the groups that should be receiving the bulk of the monies) while the balance went to consulting firms, other for-profit organizations, business associations, research entities, and government agencies.

What are you doing, or what can you do, to ensure that a majority of these funds will, in fact, reach the extremely poor women Congress intended for them to reach?

Answer. USAID's microenterprise development support continues to benefit the very poor in a variety of ways. Using the measures established by the U.S. Congress, the portion of USAID's fiscal year 2002 microenterprise development funding that benefited the very poor was 50 percent. The services provided to poor and very poor entrepreneurs included "poverty loans," other financial services such as safe savings accounts, and other support including business development services. The

Microenterprise for Self-Reliance Act of 2000 defined poverty loan limits, by region, for purposes of assessing the extent of service to very poor clients. Poverty loans comprised a majority (63 percent) of all loans held by microfinance institutions reporting data in 2002.

Just as women are disproportionately represented among the very poor, so too are they disproportionately represented among clients of USAID-supported microfinance institutions. Women clients constituted more than two-thirds of the total clients of all microfinance institutions in fiscal year 2002,¹ and the trend is upward. The Near East has seen the most dramatic change: the percentage of women clients of USAID-supported microfinance institutions in the region has more than doubled since 2000, rising from 27 percent to 55 percent.

USAID achieves these results in part through collaboration with private voluntary organization (PVO) networks, which are the backbone of U.S. assistance to the microenterprise development field. USAID has long supported the development of PVO networks (including cooperative development organizations). The share of USAID funding received directly by U.S. PVOs, NGOs, cooperatives and credit unions for services to poor entrepreneurs averaged around 46 percent in the 1997–2003 period.

USAID works with other direct service providers as well, to ensure that ever more poor clients receive microenterprise support from USAID-assisted awardees. Banks, non-bank financial institutions, and business associations complement the agency's traditional partners and provide diverse financial and business services to poor microentrepreneurs. In fiscal year 2003, direct service providers received an estimated 58 percent of total USAID microenterprise funding directly through grants, cooperative agreements, and contracts. This figure understates the extent of support to direct service providers. Of the funds awarded to consulting firms, a significant portion (often more than 50 percent of the contracted amount) is typically designated for direct service providers, including PVOs, NGOs, cooperatives and credit unions. Thus the actual share of USAID funding awarded to direct service providers is consistently over two-thirds of the total.

USAID is a global leader in supporting innovations that benefit very poor women entrepreneurs. The following examples from India illustrate creative approaches to overcoming gender and socioeconomic disadvantages:

- In India, the rural dairy initiative seeks to help 4,000 micro-scale dairying households in the Himalayan state of Uttarakhand move from subsistence to commercial production. With \$750,000 from USAID, AT India (a local non-governmental organization) is facilitating delivery of business development services and credit, helping very poor women in remote areas integrate into the economy and find profitable markets for their dairy products. Financial services are delivered through small producer networks called mutually aided cooperative societies; microcredit allows easy access to services as producers move from subsistence level to commercial scale of operations and enter into competition with government-sponsored dairies. Business services are supplied through private-sector providers and include milk and milk products collection, distribution and marketing businesses, as well as a range of veterinary, nutritional and other livestock services.
- Also in India, SEWA (Self-Employed Women's Association) Bank has used the tools USAID developed under the AIMS (Assessing Impact of Microenterprise Services) project to develop a number of new products and services for its clients. The SEWA Bank recently introduced a one-day loan to meet the credit needs of vegetable vendors. In addition, it now offers a special savings account designed to pay for marriage expenses, and has started a financial literacy program to help its members improve their personal financial management. SEWA is also reviewing the appropriateness of its products for each of the major sub-sectors in which its members work. Future plans may include a loan product to finance girls' education.

Question. I am concerned about signals that the State Department is backing off of its commitment to microenterprise. First, microenterprise is no longer mentioned in USAID's Congressional Budget Justification (CBJ). The "Pillars and Programs of Special Interest" tables in the fiscal year 2002, fiscal year 2003, and fiscal year 2004 CBJs all include a separate line for microenterprise under the "Economic Growth, Agriculture, and Trade" category. In the fiscal year 2005 CBJ, there is no reference to microenterprise in this table. Second, microenterprise is not mentioned at any

¹ Excluding Bank Rakyat Indonesia (BRI). BRI's numbers are typically excluded from analyses of USAID microenterprise development funding because the Bank's client base is so large it would skew the findings for the rest of the institutions that receive USAID support.

point in the USAID Strategic Plan for 2004–2009. Finally, you made no mention of microenterprise in your prepared testimony.

Are the State Department and USAID backing off their commitment to micro-enterprise? Given that there is no specific reference to microenterprise in this year's USAID CBJ, what level of microenterprise funding do you believe is appropriate?

Answer. The State Department and USAID remain firmly committed to support for microenterprise development and recognize its important contribution to economic growth and poverty reduction. In fact, I wrote in the February 2004 issue of the State Department publication *Economic Perspectives*, "I am proud of America's key role in promoting microenterprise. U.S. objectives are threefold: to improve access to financial services for the world's poor; to support access to business services that specifically address constraints felt by poorer entrepreneurs; and to improve the business climate through regulatory, legal and policy reforms. Our efforts are global, from Mali in Africa and Jordan in the Near East to Azerbaijan in Europe and Peru in Latin America. Our successes will be universal, with the concerted efforts of the international community."

In fiscal year 2003, USAID substantially exceeded the \$175 million funding target set by Congress. In fiscal year 2004, the agency will once again surpass the agreed upon target of \$180 million. Despite the very tight budget in fiscal year 2005, USAID considers a microenterprise funding target of \$180 million to be appropriate for that year as well.

Question. In the May edition of *Vanity Fair* (page 230), there is an article entitled "The Path to War" which states that one week prior to your speech at the U.N. Security Council in New York on February 5, the White House provided you with a lengthy document intended to serve as the basis of your UNSC speech that "was a laundry list of intelligence gathered by the government about Iraq's weapons programs." According to the article, this dossier was "cobbled together in Vice President Richard Cheney's office by a team led by Cheney's chief of staff, I. Lewis "Scooter" Libby, and John Hannah, the Vice President's deputy assistant for national security affairs." The article reports that you and your State Department staff rejected the White House dossier—which ultimately grew to over 90 pages—and started from scratch by drafting a new speech based on CIA analysis at CIA Headquarters.

—Is this account accurate? If so:

—Why did you and your State Department staff reject the White House-provided information as the basis for your Security Council speech? What specifically did you find objectionable in this material?

—Why did you rely on the CIA—rather than your own intelligence analysts at the State Department's INR bureau—to draft this speech? Do you find INR's analysis on Iraq matter in any way deficient? Please elaborate. Why didn't you rely on intelligence analysis provided by DOD to make your Security Council speech.

—How skeptical were you prior to the recent Iraq war regarding the quality of intelligence reporting provided by sources from the Iraqi National Congress?

—If the account is not accurate, which parts are not accurate and what are the facts?

Answer. Shortly after the President gave the State of Union speech in January 2003, a small interagency team under State Department leadership was sent to the CIA to work with Intelligence Community (IC) analysts to prepare my presentation to the U.N. Security Council. Working directly with DCI Tenet, the Deputy DCI, John McLaughlin, and key CIA, DIA, NSA, and other analysts, the team carefully reviewed, vetted and assessed a large volume of material from a variety of sources. I urged the IC to conduct a careful sourcing review of all of the intelligence information in my presentation. As a result, on a number of occasions during the preparation process, we decided to omit information from my presentation. It would not be appropriate for me to comment further on intelligence matters and this deliberative process. But I will say that I gave a draft of my proposed presentation to Assistant Secretary for INR, Carl Ford, and he in turn provided me his comments. Let me say also that INR's overall assessment of Iraq's BW and CW programs paralleled the Intelligence Community's assessment of those programs. Where the INR assessment of Iraq's WMD programs differed from the IC was in the status of Iraq's nuclear program. I reviewed that difference of views and decided to go with the view of the majority of the IC.

The briefing I presented to the United Nations Security Council on February 5, 2003, was based on the best intelligence information that was available to us, available to the United Nations over a period of years, and available to the foreign intelligence services whom we worked with closely and for whose efforts we had great respect. We all believed that Saddam Hussein had the capabilities and the intent to produce WMD. We still believe that. At the time of my briefing, we also believed

that stockpiles of prohibited weapons were in Iraq, including WMD. We were right about missiles and other conventional ordnance. But we haven't found stockpiles of chemical or biological weapons, nor have we found an active nuclear program.

Question. The May edition of *Vanity Fair* contains an article entitled, "The Path to War," and cites Sir Christopher Meyer, the British Ambassador to the United States, as stating that President Bush made clear in a White House meeting on September 20, 2001, with you, Dr. Rice, Prime Minister Blair and Ambassador Meyer, that he was determined to topple Saddam Hussein from power. According to the article, Amb. Mayer stated that "[r]umors were already flying that Bush would use 9/11 as a pretext to attack Iraq . . . On the one hand, Blair came with a very strong message—don't get distracted; the priorities were al-Qaeda, Afghanistan, the Taliban. Bush said, "I agree with you, Tony. We must deal with this first. But when we have dealt with Afghanistan, we must come back to Iraq."

—Do you recall this conversation? Is this an accurate characterization of that meeting? Please elaborate.

—Other former Bush Administration officials—Richard Clarke, former Secretary O'Neill—have suggested that going to war with Saddam was a high Administration priority immediately after Sept. 11, or sooner. What is your recollection of specifically when the Administration made invading Iraq a high priority? What specific event or piece of intelligence was the catalyst for the decision to go to war against Iraq?

Answer. After September 11, I spoke on numerous occasions with Principals, the President, and other foreign leaders and officials, to include PM Blair and Ambassador Meyer, regarding our response to the September 11 attack. These and other conversations were part of a process of careful and deliberate considerations that the President undertook as he considered how to respond to the September 11 attacks. It would not be appropriate for me to discuss specific, privileged, pre-decisional conversations with the President. As we know, in September 2001, the President directed the U.S. Government to respond against those who perpetrated or facilitated the 9/11 attack—Al-Qaeda and the Taliban regime in Afghanistan that provided al-Qaeda safehaven.

The United States' decision, more than a year later, to undertake military operations against Iraq was based on Saddam Hussein's refusal to comply with U.N. Security Council resolutions and his defiance of the international community, his capabilities and intent to possess CW, BW, and nuclear weapons—in the past he had used CW against the Iranians and against his own people—and, as we believed then, his possession of stockpiles of CW and BW weapons as well as an active nuclear weapon development program. The Iraqi regime's failure to comply with the U.N. resolutions and to continue to defy the international community was made clear in the months after the Security Council unanimously passed resolution 1441 and after U.N.-mandated inspections resulted in reports to the Council that Iraq was not providing the immediate, unconditional and active cooperation that had been demanded by the Council.

Question. You were recently quoted in the press (e.g., in the April 3, 2004 editions of the Washington Post and The New York Times) as stating that your characterization of mobile biological laboratories in your presentation to the United Nations last year appears to have been based on faulty intelligence sources. In your 2003 Security Council speech, you cited information regarding mobile biowarfare labs, citing eyewitness accounts and saying, "[w]e have firsthand descriptions of biological weapons factories on wheels and rails."

—Please elaborate on the nature and extent of your concern with the intelligence reporting on this issue—which at the time you indicated was based on multiple sources. What have you since found out about these apparently faulty intelligence sources, and where within the Intelligence Community do you believe that responsibility lies for not adequately vetting these sources?

—Do you believe the U.S. Intelligence Community should initiate a reassessment of its vetting procedures for human source reporting?

—Do you consider Intelligence Community reporting related to Iraq any more reliable now than it was before the recent war with Iraq?

Answer. My presentation at the U.N. Security Council on February 5, 2003 reflected the best and most rigorous intelligence, based on the information at hand at the time. In the preparation for that presentation at the United Nations, I had insisted on multiple sources for all intelligence. For example, there were four separate sources for the information I presented on the mobile biological labs. Recently, the Director for Central Intelligence (DCI) acknowledged that the Intelligence Community had previously had access to information that called into question the credibility of one of the sources on these labs. I understand that, because of this lapse, the DCI has publicly stated the Intelligence Community's review process will be

scrutinized carefully and, where needed, adjusted. As for the other three sources, I also understand that their previously solid credentials are now also in question—but to go into this any further would cause my answer to be classified, so I will stop here. At the end of the day, the President, the Vice President, the other cabinet officers and I continue to have confidence that the Intelligence Community presents us and other senior U.S. officials with timely and credible information and its best analysis, based on what is known at any given time.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. How was the Administration so wildly off the mark on the costs, difficulties and duration of our involvement in Iraq?

Answer. Many agencies worked to provide the best possible estimates of the resources that would be required to free Iraq from the repressive regime of Saddam Hussein and to ensure that Iraqis were able to form an independent, united, prosperous and peaceful Iraq after the conflict. The innumerable variables in making such calculations made this very difficult.

I would refer you to my interagency colleagues for comment on their remarks.

Question. Why were those working on post-war plans dismissed by DOD/the Administration? Why weren't the State Department and the Army War College listened to? Why hasn't CPA put to use the best practices espoused by numerous government agencies, especially since CPA is operating in fits and starts and cannot obligate the \$18 billion in its hands?

Answer. Our focus now is on supporting the reconstruction and political transformation of Iraq and preparing for a transition on June 30 to Iraqi self-rule, the dissolution of CPA, and the establishment of an American embassy, not on revisiting previous differences of opinion.

Our policy in Iraq has always been a fully cooperative, interagency effort, directed by the President. Given the magnitude of the undertaking, it should not be surprising that there were interagency disagreements at times over personnel and planning. State did its best to contribute constructively to the planning effort, and I am proud of our contributions.

On your questions regarding CPA contracting policies, I would refer you to my CPA and DOD colleagues.

Question. What happens to CPA Funds when CPA Disbands on June 30, 2004? Mr. Secretary, Congress appropriated \$18.4 billion for Iraqi reconstruction and humanitarian aid last October to the Coalition Provisional Authority. In November, the Coalition Provisional Authority established it would cease operations on June 30, 2004 and hand-over the governance of Iraq to an interim government. A recent CPA Inspector General Report states that the CPA has only obligated \$900 million of the \$18.4 billion for reconstruction, or 5 percent. That fact, in and of itself, is inconceivable, but I want to ask these questions.

What happens to the remaining \$17 + billion of taxpayer money allocated to the CPA when the CPA shuts its doors on June 30? Will it transfer to State? DOD? Will Congress have to reallocate these funds? What is State doing to fill the void left by CPA?

Answer. After June 30, the Secretary of State will have responsibility for the continuous supervision and general direction of all U.S. assistance for Iraq, including the \$18.4 billion Iraq Relief and Reconstruction Fund (IRRF). Each implementing agency (State, Defense, USAID, HHS, and Treasury) will execute assistance programs according to its own regulations under the overall guidance of U.S. Mission in Baghdad. The Coalition Provisional Authority expects to have obligated \$5 billion of the \$18.4 billion to programs in Iraq by June 30. OMB has thus far allocated about \$11 billion to appropriate implementing agencies, and not a single allocation to CPA or its successor. In addition, \$2.5 billion of 2003 Iraq reconstruction assistance continues to fund thousands of projects as money is obligated and disbursed to those projects. Funds are allocated according to the spending plan described in the quarterly 2207 report to Congress. The State Department is working to ensure a smooth transition from CPA authorities to the U.S. Mission Baghdad. Program Management Office (PMO) policy oversight and general oversight functions will transfer to the Mission, while many of its projects, particularly in the construction sector will continue to be supervised by a temporary organization called the Project and Contracting Office.

Question. Mr. Secretary, on March 31, you pledged an additional \$1 billion in U.S. funding to the reconstruction of Afghanistan. President Karzai says Afghanistan requires at least \$27 billion in foreign aid over the next five years. The donor con-

ference garnered a total of \$4 billion for this year. I applaud the donors and the Administration's pledge, but I have several questions.

When does the State Department anticipate sending the request for an additional \$1 billion to Congress: Fiscal year 2005? Fiscal year 2006? As a supplemental? How will the money be used? Is the State Department committed to allocating at least 10 percent of this pledge toward the plight of Afghan women? For how many years will the United States continue to provide economic assistance to Afghanistan? How much funding will be allocated during that time-frame?

Answer. In fiscal year 2004, the United States is providing \$2.2 billion for Afghanistan's reconstruction, which includes the \$1 billion pledge announced in Berlin. In fiscal year 2005, we have requested an additional \$1.2 billion for Afghanistan. This money will be used for a wide variety of programs and purposes, including security assistance (building the Afghan National Army, training national police, counter-narcotics, rule of law, etc.), reconstruction and development projects (road construction, health clinics, education, power generation, etc.) humanitarian relief (shelter construction, etc.), and economic growth initiatives (capacity-building, domestic revenue generation, etc.). Though no decisions have yet been made regarding the precise allocation of future year funds, support for women and girls in Afghanistan remains a high priority, and we will continue to allocate funds for these initiatives.

Since fiscal year 2001, the United States has provided over \$4 billion total for Afghan reconstruction, and as Secretary Powell has stated on numerous occasions, we are committed to Afghanistan for the long haul. We must ensure that Afghanistan never again reverts to a sanctuary for terrorism, a challenge that will require significant resources over a prolonged period of time. However, the progress made to date has been substantial, and we are confident that with continued, steady support, Afghanistan will ultimately re-join the community of nations as a stable, democratic, and self-reliant partner.

Question. The Antiterrorism Assistance program (ATA) has been a valuable tool to train international security forces and police forces in antiterrorism methodologies and tactics. I am proud Louisiana has played such an active role in ATA. I understand the State Department is committed to providing such training overseas for programs in Afghanistan and Iraq and for the establishment of regional training centers closer to the home nations of the participants in ATA. It certainly makes sense to conduct training in Afghanistan and Iraq, but the other overseas training is certainly a deviation from the commitments the State Department made to the State of Louisiana. At the behest of the State Department, the State of Louisiana committed resources to expand its training infrastructure to accommodate increased training. If the State Department continues to move ATA funds overseas, programs in Louisiana will be threatened.

Is the State Department committed to upholding the pledges it made to Louisiana and other states to conduct ATA within the United States? Will State continue to fund ATA within the United States at fiscal year 2002 levels?

Answer. We share your view that the Antiterrorism Assistance program has been an extremely valuable tool in the United States Government's effort to fight the war on terrorism. Many allied nations have the will to combat terrorism, but ATA helps them develop and maintain the skill they need in a variety of disciplines.

Louisiana State University and the Louisiana State Police Academy have been valuable partners in antiterrorism training over the years, as has New Mexico Tech in Socorro, NM, the Nonproliferation and National Security Institute in Albuquerque, NM, the Federal Law Enforcement Training Center in Brunswick Georgia, the Pacific Northwest National Laboratory in Hanford, Washington, the ATF K-9 Training Center in Front Royal, VA, the FBI Academy in Quantico, VA, Fort A.P. Hill in Bowling Green, VA, the ATF laboratory in Beltsville, MD, the Armed Forces Institute of Pathology in Rockville, MD, and a number of other U.S. facilities and institutions.

Since September 11, 2001, ATA has also provided intensive in-country training programs in key countries such as Pakistan, Indonesia, Afghanistan, Colombia, and Iraq. The Department of State does not plan to discontinue U.S.-based training in favor of overseas training. Rather, the Coordinator for Counterterrorism, with my concurrence, has tasked ATA with broadening its menu of training options to include in-country programs, fly-away courses, emergency antiterrorism assistance training teams, and customized consultations as well as standard training at U.S. facilities.

We believe ATA has responded well to the demand for flexibility in responding to shifting terrorist threats. The ATA budget for training has increased in recent years, and the Louisiana institutions continue to meet training requirements effectively. However, there is no way the Department can guarantee specific levels, types

and locations of training into the future, as those decisions will depend upon as yet undetermined requirements and funding levels. Please be assured that the Department will continue to utilize all platforms that prove effective in improving the counterterrorism capabilities of our partner nations.

SHORTFALL OF ARABIC LINGUISTS

Question. Secretary Powell, I fully support your efforts to recruit the next generation of diplomats through the DRI. Not only is recruiting vital to our armed forces but it is also imperative for State to recruit Foreign Service employees. Foreign language training is critical to the success of our members of the Foreign Service. More importantly these men and women must speak the right languages.

What efforts are being taken to ensure the State Department has sufficient numbers of speakers of languages such as Arabic, Farsi, and Pashtun?

Answer. The Department of State has developed and started to implement a coherent, integrated strategic plan for meeting its language proficiency goals. This plan involves close collaboration among the Bureau of Human Resources, the Foreign Service Institute, and the functional and regional bureaus and posts with foreign language requirements. Our approach involves targeted recruitment, credit in the hiring process for language proficiency, and incentives to acquire, maintain, improve language skills to highly advanced levels, and to re-use over a career the critical and difficult languages that are in high demand as we build the language cadres needed. This strategic plan is reinforced by the high priority value that the Department's corporate culture places on language proficiency among our officer corps.

CRITICAL LANGUAGES

New Policy on Hiring Preference.—To boost our language capability, in December 2003 the State Department instituted special preference for hiring into the Foreign Service, applicable to both generalists and specialists. This preference is given to candidates who speak languages for which our current needs are critical. These languages include Arabic, Chinese (Cantonese or Standard/Mandarin), Indic languages (e.g. Urdu, Hindi, Nepali, Bengali, Punjabi), Iranian languages (e.g. Farsi/Persian, Dari, Tajiki, Pashto), Japanese, Korean, Russian, and Turkic languages (e.g. Azerbaijani, Kazakh, Kyrgyz, Turkish, Turkmen, Uzbek). This list is a reflection of foreign policy objectives, language-teaching considerations, and supply of speakers among current employees, so it is subject to revision as needs evolve.

Specifically, candidates with a speaking score of 2 or higher on a 1 to 5 scale in a critical needs language get a 0.4 point increase on the hiring registers, while 0.17 remains the increase for other languages. Candidates who benefit from the new policy have already passed the relevant Foreign Service entrance exams. As a result of this policy, generalist candidates who have their scores adjusted upward are moved up on the list of eligible hires, thereby increasing the chances that they would be offered an appointment into the Foreign Service.

Language skills factor prominently in the assignments process, affecting job opportunities for the Foreign Service, and the promotion process. In addition, Language Incentive Pay provides financial incentives for the acquisition, improvement and repeated use of languages. This emphasis on languages throughout a career is balanced and appropriate.

A priority has been to develop and expand our Arabic language programs to support efforts in Iraq, Afghanistan, Libya, and elsewhere in the Middle East. Arabic language training has more than doubled between fiscal year 1999 and fiscal year 2003.

FSI has recently published a "Language Continuum" that is parallel to FSI's other career and training-related continua. A collaborative effort with the personnel system and the operational bureaus, this Continuum outlines for the Department and its employees a way to meld the principles of strategic workforce planning and the "Open Assignments" system, by serving as a roadmap to weave language proficiency development and use into a successful career progression. The Language Continuum is designed to help Foreign Service personnel plan a long-term integrated approach to language learning and use, leading the motivated and talented more often to attain the advanced language skills needed. In partnership with regional bureaus, posts, and the Bureau of Human Resources, "beyond S-3/R-3" training opportunities may be arranged at select educational institutions overseas, at a FSI field school or at FSI/Washington. ("S-3/R-3" represents a speaking/reading General Professional Proficiency.) This targets the need to continuously build and expand the cadre of sophisticated users of critical languages, who can better understand the positions and assumptions of others and communicate our own perspectives more co-

gently and persuasively in order to effectively defend and advance the interests of the United States.

The Language Continuum provides a “roadmap” to systematically guide employees at different stages in their careers through the multiple training opportunities; outlines a strategic plan for achieving the language competency needed for tenuring and for promotion to the senior level; describes available resources beyond course offerings, including such resources as home stays, guided self-study and language learner counseling; addresses the language-training needs of eligible family members; and provides learning tips to foster more effective language proficiency, and use and improvement to advanced levels.

GIRLS' EDUCATION

Background

Question. There are about 70 million girls not attending school in the developing world. They make up three-fifths of the 115 million children out of school. The 2003/04 EFA Global Monitoring Report found that 70 countries are currently at risk of not achieving the Millennium Development goal of gender parity (an equal number of girls and boys in school) by 2005.

Research shows that improving girls' education is one of the most effective development investments countries can make. Providing education for girls:

- Boosts economic productivity
- Lowers maternal and infant mortality rates
- Reduces fertility rates
- Increases life expectancy
- Protects against HIV/AIDS
- Improves educational prospects for the next generation
- Promotes better management of environmental resources

Encouraging girls' enrollment in school is a focus of basic education funding. The Administration's request for basic education under DA in fiscal year 2005 is \$212 million, representing a \$23 million cut from the fiscal year 2004 appropriation under DA.

Mr. Secretary, the effectiveness of educating girls is very well documented.

Educating girls:

- Boosts economic productivity
- Lowers maternal and infant mortality rates
- Reduces life expectancy
- Protects against HIV/AIDS
- Improves educational prospects for the next generation

Getting more of the 70 million girls who are currently out of school into classrooms is one of the primary goals of the basic education program.

Given these benefits, I am very concerned by the Administration's request for a \$23 million reduction in basic education support under Development Assistance.

Could you please comment on the rationale behind this?

Answer. I couldn't agree with you more on the value of girls' education. Education can lead to improved lives and livelihoods not only for girls but ultimately impacts entire families and communities. In addition to the points you have made, I would add, that in these troubled times around the world, literacy and learning are the necessary foundation for both democracy and development. That is why education is a strong priority for this Administration.

While there is a small decrease in the fiscal year 2005 Development Assistance account for basic education, funding from all USAID-managed accounts is currently projected to be the equivalent of fiscal year 2004, \$334 million, which excludes funding from recent supplementals. I would also like to note that total funding for basic education programs has more than doubled since 2001.

COORDINATED EDUCATION AND HIV/AIDS STRATEGY

Question. There is strong evidence that keeping children in school—especially girls who are much more susceptible to the HIV/AIDS virus—reduces the chance that they will become infected.

In Swaziland, UNAIDS found that 70 percent of high school age adolescents attending school are not sexually active, while 70 percent of out-of-school adolescents are sexually active.

A World Bank study called *A Window of Hope* reports that in Zimbabwe, girls who received primary and some secondary education had lower HIV infection rates—a trend that extended into early adulthood.

Despite this, the focus has been on using schools as a venue for teaching about AIDS, rather than recognizing the protective nature of education—that simply being educated helps protect people from infection.

Given the value of education as the most effective vaccine against AIDS that we currently have:

Doesn't basic education—and not just AIDS education—have to be central to AIDS prevention activities?

Answer. Basic education is the foundation for success in the majority of the Agency's development activities, including agriculture, private sector development, and health. To be successful in the fight against HIV/AIDS, it is essential that USAID continue working around the world to promote completion of basic education for all and integrate AIDS prevention messages into all of the other sectors, including education.

COORDINATED EDUCATION AND HIV/AIDS STRATEGY

Question. Should the United States have a coordinated strategy on basic education and HIV/AIDS prevention?

Answer. The U.S. Agency for International Development has both prevention and mitigation strategies that link basic education to lessening the impacts of HIV/AIDS. At the primary level, USAID has model curricula to raise learner awareness of the disease and self-protection and parallel curricula for teacher training—increased awareness and basic learning skills combined do contribute over time to lowered rates of infection. USAID is also supporting a technical position at UNESCO to advance basic education and HIV/AIDS strategies at a global level, and through UNESCO, as a member of UNAIDS, with in-country strategies.

At the mitigation level, USAID developed a model to project the work force impacts of the disease. This model guides how the education sector needs to respond to assure continued human resources necessary for countries and sectors to avoid system and economic collapse, e.g., teachers and managers necessary to meet education sector demands. To offset education work force losses in countries worldwide, a multi-lingual Internet education portal has been built to train teachers and provide resources they need.

Question. "The worldwide advancement of women's issues is not only keeping with the deeply held values of the American people; it is strongly in our national interest. Women's issues affect not only women; they have profound implications for all humankind. We, as a world community cannot even begin to tackle the array of problems and challenges confronting us without the full and equal participation in all aspects of life."—SEC. POWELL, March 7, 2002

Mr. Secretary, your words before the United Nations in March 2002 imply that you and your administration understand the important role advancing the rights of women has in the reconstruction of a nation, particularly a nation where women's rights have been violently oppressed for decades.

Yet, since that time, for whatever reason your administration has seemingly chosen not to pursue an aggressive, long-term agenda directly aimed at protecting and improving the lives of women in Afghanistan and Iraq. Instead, we have employed a "rising tide lifts all boats" strategy based on a misperception that overall aid given by the United States will inevitably benefit all members of the Afghan and Iraqi population. In fact, in your 2003 report on the status of women and children you state:

"Overall U.S. humanitarian and reconstruction assistance [in Afghanistan] will be over \$1 billion in fiscal year 2002 and 2003 combined. Most of these funds are intended to benefit the country and Afghan families as a whole—men, women and children alike. Some aid is targeted specifically toward Afghan women, children and refugees. This combination means that it remains impossible to define a distinct dollar amount devoted just to the three population groups feature in this report."

Making matters worse, while the entire report is about current systemic barriers to reconstruction such as security, economic development, health care, and education, there is almost no mention of the unique barriers to women in these areas.

Mr. Secretary, in the words of Martin Luther King "Peace is not just the absence of conflict, it is the presence of justice." Particularly justice for those for whom justice has been denied. In other words, the advancement of civil rights requires aggressive action and targeted programs aimed at eliminating discrimination and promoting equality. I know that you know this to be true. Why, then, do your recent policies in this area continually fail to acknowledge this reality?

Answer. The United States works proactively with women's issues in Afghanistan and Iraq, and has done so from the inception of both programs. A list of activities addressing women in Afghanistan and Iraq is attached.

In Afghanistan, the United States Agency for International Development (USAID) assists Afghan women through directed grants to non-governmental organizations and integration into broad programs. We are now combining all of our smaller women's activities into multi-year programs. Early in its Afghanistan program, USAID used small grants to help establish the Ministry of Women's Affairs, support women's NGOs, and provide women with job opportunities. USAID has also ensured support for women into humanitarian programs, such as food aid. The current program intends to establish and fund seventeen women's centers.

In Iraq, USAID bases its reconstruction programs on the belief that women's consent and active participation matters in politics, economic opportunity, and social settings. Since April 1, 2003, USAID has focused on women's equality and empowerment through local government and civil society organizations—two avenues that allowed the most immediate and direct impact on their lives. USAID helped build the social structures needed to support Iraq's women with increased school enrollment for girls and health programs aimed at mothers.

Reaction to explicit changes in women's roles typically occurs about a year after programs begin. This implies that civil society organizations and female leaders will be challenged in 2004 even as they move beyond their initial footholds. To support women in the second year of reconstruction, USAID programs allow for a sustained approach to women's equality. In governance, legal changes will include codifying women's rights, solidifying the role of women in government, and supporting women's civil society organizations. Economic programs which target women and give them new opportunities are also being developed.

Question. Mr. Secretary, as you know, the U.S. sponsored resolution calls on nations to eliminate laws and regulations that discriminate against women and prevent them from participating in society and the political process. I understand that you and your administration have been working with leaders in both Iraq and Afghanistan to ensure that their constitutions recognize and protect the rights of women. According to recent reports, your administration remains confident that the Afghan and Iraqi Constitutions "will make acceptable provisions on the issue of women's rights."

It is my understanding that both constitutions contain a provision that states that when there is a conflict between the constitution and the law of Islam, the law of Islam is supreme. While other Islamic nations have established systems that recognize the sanctity of religion and the importance of human rights, what assurances to you have that religion will not be used as a means of discrimination against women?

Answer. None of the world's major religions, including Islam, discriminate against women. It is traditional practices and interpretations of religious teachings that result in discrimination. Governments that permit women to be made subservient to men can be expected also to make men subservient to men, and are antithetical to democracy. There are numerous instances, not only in Islamic countries, where conservative elements in strongly patriarchal societies attempt to limit a recent extension of civic and economic rights to women. Afghanistan's constitution states that "no law can be contrary to sacred religion of Islam and the values of this constitution," which includes guarantees for the rights of women. A reliance on Islamic jurisprudence applies only to laws or provisions not covered by the constitution. The United States, as an external influence in Iraq and Afghanistan, can help blunt reactionary efforts against recent gains by women through explicit inclusion of females in governance, economic and social programs.

Question. Last Wednesday, at a donors' conference in Berlin, President Karzai said his country would need \$28 billion over the next seven years to fully recover from decades of war. Experts say that without this funding, most of which will have to come from international donors, the reconstruction efforts will likely fail. Correct me if I am wrong, but it is my understanding that our total contribution to non-military reconstruction efforts in Afghanistan since 2002 has been a little over \$2 billion. At the same time, in one year alone, the United States has allocated \$18.4 billion for similar reconstruction in Iraq.

Mr. Secretary, no one on this committee would suggest that reconstruction in either of these two countries is any more or less important than the other but in terms of strategic planning and long term goals, these disparate allocations don't make sense.

First, if one looks at the indicators of need for non-military reconstruction it is clear that there is a greater need for efforts in Afghanistan than our budget reflects.

	Iraq	Afghanistan
Literacy Rate (percent)	40	36
Women (percent)	29	21
Infant Mortality Rate	55/1,000	143/1,000
GDP (dollars in billions)	\$58	\$19

Second, according to a recent IG report, of the \$18.4 billion we allocated, only \$900 is under contract. In other words, we are not spending 95 percent of the money we have allocated for reconstruction in Iraq.

These disparities may lead some to suspect that there are ulterior motive at hand here. Can you address this criticism?

Answer. USAID programmed approximately \$1 billion in fiscal years 2002 and 2003 combined and an additional \$1 billion in fiscal year 2004. The Administration's "Accelerating Success" initiative was intended to significantly increase both the amount and the impact of assistance. While this is a sizeable amount, and we thank Congress for its generosity, the needs in Afghanistan will require a sustained commitment for the next several years.

SUBCOMMITTEE RECESS

Senator McCONNELL. Thank you all very much. The subcommittee will stand in recess to reconvene at 2:30 p.m. on Wednesday, April 21, in room SD-124. At that time we will hear testimony from the Honorable J. Cofer Black, Coordinator, Office of the Coordinator for Counterterrorism and the Honorable Andrew Natsios, Administrator, United States Agency for International Development.

[Whereupon, at 4:30 p.m., Thursday, April 8, the subcommittee was recessed, to reconvene at 2:30 p.m. Wednesday, April 21.]

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIA- TIONS FOR FISCAL YEAR 2005

WEDNESDAY, APRIL 21, 2004

**U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.***

The subcommittee met at 2:35 p.m., in room SD-124, Dirksen Senate Office Building, Hon. Mitch McConnell (chairman) presiding.

Present: Senators McConnell, Shelby, DeWine, Leahy, and Durbin.

**UNITED STATES AGENCY FOR INTERNATIONAL
DEVELOPMENT**

STATEMENT OF ANDREW S. NATSIOS, ADMINISTRATOR

DEPARTMENT OF STATE

**STATEMENT OF AMBASSADOR COFER BLACK, COORDINATOR FOR
COUNTERTERRORISM**

OPENING STATEMENT OF SENATOR MITCH MC CONNELL

Senator McCONNELL. The hearing will come to order. I want to welcome Mr. Natsios and Ambassador Black. Thank you for being here today. Our hearing is on foreign assistance and international terrorism, a topic of keen interest, not only to our subcommittee but to all the people in the world who are free and would like to remain so. Senator Leahy, I believe, is on his way. We will both make some opening remarks and then be followed by the two of you, first Mr. Natsios and then you, Ambassador Black. In the interest of time I'm going to ask our witnesses to summarize their remarks and then we will proceed to 5-minute rounds of questions and responses.

A final piece of housekeeping. Due to last minute travel requirements, HIV/AIDS Coordinator Tobias will be unable to participate in the April 28 hearing on the fiscal year 2005 HIV/AIDS budget request. Staff will be working with the State Department to reschedule the hearing for some time next month and we will make an announcement once that date has been reached.

I want to make a few brief historical reflections. Understanding the looming threat of the axis powers to America, President Roosevelt said in his Arsenal of Democracy speech in December 1940, that "no man can tame a tiger into a kitten by stroking it. There

can be no reasoning with an incendiary bomb. We know now that a nation can have peace with the Nazis only at the price of total surrender." So it is with the ongoing war on terrorism. Our current-day enemies are as ruthless as the Nazis and as devious as the kamikaze pilots who struck without warning, originally at Pearl Harbor and later when then crashed into our ships. From trains in Spain to nightclubs in Bali and Tel Aviv the terrorist hydra indiscriminately targets innocent men, women, and children in misguided jihad that pits fanaticism against freedom. To be sure there can be no armistice or peace treaty with terrorists. With the continued participation of other world democracies this scourge must be managed and controlled like the disease that it is. Our modern day arsenal of democracy is vast and potent. From precision-guided munitions to basic education programs in the Muslim world, America has at hand the tools and the capacity to militarily confront terrorism on foreign shores while simultaneously undermining social and economic conditions that offer terrorists safe haven and breeding grounds. And under President Bush we have tested and solid leadership. The weapons under this subcommittee's jurisdiction are numerous and include the obvious, the State Department's Anti-Terrorism Assistance Program and Terrorist Interdiction Program and the more subtle USAID's child survival and basic education programs. Although many advocate additional resources for foreign assistance programs it is clear this administration understands the importance of U.S. foreign aid in the war against terrorism.

PREPARED STATEMENT

Testifying on the fiscal year 2005 budget request before this subcommittee earlier this month, Secretary Powell indicated as follows: "to eradicate terrorism the United States must help create stable governments in nations that once supported terrorism, go after terrorist support mechanisms as well as the terrorists themselves, and help alleviate conditions in the world that enable terrorists to bring in new recruits." When it comes to the budget request, there may be a difference of dollars but not direction. We all know now that repression in Cairo and Riyadh translates into terrorism in New York, Virginia, and Pennsylvania.

Let me just close with an observation on Southeast Asia. With a highly combustible mix of corrupt and undemocratic governments and regional terrorist groups with linkage to Al Qaeda, that region may very well become our next front in the war on terrorism. The hydra has already appeared in the Philippines, Indonesia, Thailand, Malaysia, Singapore, and Cambodia. It is imperative that we provide sufficient resources to foreign assistance programs in that region—whether basic education in Jakarta or democracy promotion in Phnom Penh—to deny footholds for Islamic extremism. Should we fail to do so the results will be catastrophic for the region and for the world. Regional terrorists are undoubtedly aware of the massive flow of trade and oil through the Strait of Malacca.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MITCH MCCONNELL

I want to begin my remarks with a brief historical reflection.

Understanding the looming threat of the Axis powers to America, President Franklin Roosevelt said in his "Arsenal of Democracy" speech in December 1940 that "no man can tame a tiger into a kitten by stroking it. There can be no reasoning with an incendiary bomb. We know now that a nation can have peace with the Nazis only at the price of total surrender."

So it is in the ongoing war against terrorism.

Our current day enemies are as ruthless as the Nazis and as devious as the kamikaze pilots who struck without warning at Pearl Harbor. From trains in Spain to nightclubs in Bali and Tel Aviv, the terrorist Hydra indiscriminately targets innocent men, women and children in misguided jihad that pits fanaticism against freedom.

To be sure, there can be no armistice or peace treaty with terrorists. With the continued participation of other world democracies, this scourge must be managed and controlled like the disease that it is.

Our modern day arsenal of democracy' is vast and potent. From precision guided munitions to basic education programs in the Muslim world, America has at hand the tools and capacity to militarily confront terrorism on foreign shores while simultaneously undermining social, political and economic conditions that offer terrorists safe haven and breeding grounds. And under President Bush, we have tested and solid leadership.

The weapons' under this Subcommittee's jurisdiction are numerous and include the obvious—State's Antiterrorism Assistance Program and Terrorist Interdiction Program—and the more subtle—USAID's child survival and basic education programs. Although many advocate additional resources for foreign assistance programs, it is clear this Administration understands the importance of U.S. foreign aid in the war against terrorism.

Testifying on the fiscal year 2005 budget request before this Subcommittee earlier this month, Secretary Powell stated: "To eradicate terrorism, the United States must help create stable governments in nations that once supported terrorism, go after terrorist support mechanisms as well as the terrorists themselves, and help alleviate conditions in the world that enable terrorists to bring in new recruits."

When it comes to the budget request, there may be a difference of dollars—but not of direction. We all know now that repression in Cairo and Riyadh translates into terrorism in New York, Virginia and Pennsylvania.

Let me close with an observation on Southeast Asia. With a highly combustible mix of corrupt and undemocratic governments and regional terrorist groups with linkages to al-Qaeda, that region may very well become our next front in the war on terrorism. The Hydra has already appeared in the Philippines, Indonesia, Thailand, Malaysia, Singapore and Cambodia. It is imperative that we provide sufficient resources to foreign assistance programs in the region—whether basic education in Jakarta or democracy promotion in Phnom Penh—to deny footholds for Islamic extremism.

Should we fail to do so, the results will be catastrophic for the region and the world. Regional terrorists are undoubtedly aware of the massive flow of trade and oil through the Strait of Malacca.

Senator MCCONNELL. With that, let me call on my friend and colleague, Senator Leahy, for his opening observations.

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you very much, Mr. Chairman. I'm pleased you're holding this hearing. Ambassador Black and Mr. Natsios, I appreciate both of you being here. You both have long and distinguished records in your fields and have been helpful to our committee.

I think a key question for us today is one that was posed by a top official of the Bush administration. He said: "Are we capturing, killing, or deterring more terrorists every day than the madrassas and the radical clerics are recruiting, training, and deploying against us?" I think it is a key question. That was Secretary Rumsfeld's question on October 16. It's a lot different than the everything is roses rhetoric than we've heard from many in the administration. I commend Secretary Rumsfeld for the statement. It was blunt, unpolished, and it was right on target. I think that question,

particularly the issue of deterrence, should be at the heart of our counterterrorism strategy.

As you both know, fighting terrorism involves a lot more than just force and interdiction. If that's all it took, with the most powerful military on earth, we would have already won. But I think that many of the administration's foreign policies are taking us in the wrong direction, and let me give you some examples of where I believe we're losing ground. The conflict between Israelis and Palestinians has enormous impact on how the United States is perceived in the Muslim world but I don't believe the President has invested, really, any political capital in solving the conflict. The road map is dead, the violence continues unabated and it's fueled the propaganda machines of Islamic extremists.

Iraq, after squandering the goodwill afforded us around the world after the September 11 attacks, we are floundering. The failure to find weapons of mass destruction has damaged our credibility. The commander of U.S. ground forces in Iraq, General Sanchez, has said Iraq is becoming a magnet for foreign terrorists. Other reports indicate that terrorist organizations around the world are using Iraq as a rallying cry for gaining new recruits. And while the President has talked about democracy and human rights, he speaks about changing the world, we are giving billions of dollars in aid to corrupt, autocratic regimes that are the antithesis of democracy and American values. Yet, we spend a pittance of what is needed to counter the powerful forces of Islamic extremism in key countries like Indonesia, the Philippines, and Malaysia, just to give some examples.

Ambassador Black and Mr. Natsios, a recent Pew Research Poll showed that the credibility and reputation of the United States has been badly damaged, especially in Muslim countries, as a result of our own policies. Now, your testimony, which I have read, I know you're just going to summarize it but it describes what you're doing to strengthen government institutions and win the battle for hearts and minds in countries that are vulnerable to terrorist networks. We want to help. But I'm telling you that while I'm sure there have been successes, and there have been, if you look at the big picture some of the President's policies are working against you and I don't think you're devoting enough resources to do the job. And I say this as one who has strongly supported efforts of this administration, as I have of past administrations, to get resources to areas where foreign aid can do some good.

Thank you. Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Thank you Mr. Chairman for holding this hearing. Ambassador Black and Mr. Natsios, I appreciate you being here. I know you both have long and distinguished records in your fields.

I think a key question for us today is one that was posed by another top official of this Administration. He said, quote: "Are we capturing, killing or deterring more terrorists every day than the madrassas and the radical clerics are recruiting, training and deploying against us?" That was Secretary Rumsfeld's question on October 16, and it was notably different from much of the rhetoric we have come to expect from this Administration. It was blunt. It was unpolished. And it was right on target.

This question, and particularly the issue of deterrence, should be at the heart of our counter-terrorism strategy. As you both know, fighting terrorism involves more than force and interdiction. Unfortunately, I believe that many of this Administration's foreign policies are taking us in the wrong direction. Let me give you some examples of how I believe we are losing ground:

- The conflict between Israelis and Palestinians has an enormous impact on how the United States is perceived in the Muslim world. Yet, despite its importance, President Bush has invested almost no political capital in solving the conflict, the road map is dead, and the violence continues unabated—fueling the propaganda machines of Islamic extremists.
- In Iraq, after squandering the good will afforded us after the September 11 attacks, we are floundering. The failure to find weapons of mass destruction has damaged our credibility. The Commander of U.S. ground forces in Iraq, General Sanchez, has said the country is becoming a magnet for foreign terrorists, while other reports indicate that terrorist organizations are using Iraq as a rallying cry for gaining new recruits.
- At the same time the President talks about democracy and human rights—“changing the world” is how he put it—we are giving billions of dollars in aid to corrupt, autocratic regimes that are the antithesis of democracy and American values. And yet we spend a pittance of what is needed to counter the powerful forces of Islamic extremism in key countries like Indonesia, the Philippines, and Malaysia.

Ambassador Black, Mr. Natsios, a recent Pew Research poll showed that the credibility and reputation of the United States have been badly damaged, especially in Muslim countries, as a result of our own policies.

Your prepared testimony describes what you are doing to strengthen government institutions and win the battle for hearts and minds in countries that are vulnerable to terrorist networks. We want to help. But what I am telling you is that, while I am sure there have been successes, if you look at the big picture, some of the President's policies are working against you, and you are not devoting enough resources to do the job.

Senator McCONNELL. Mr. Natsios, why don't you go ahead and we'll put your full statement in the record. If it's too lengthy, I would ask you to summarize.

Mr. NATSIOS. Thank you. Does this go on automatically?

Senator LEAHY. You can press the button right in front of you. The light will go on if it's on.

SUMMARY STATEMENT OF HON. ANDREW S. NATSIOS

Mr. NATSIOS. I do have a longer statement for the record, Mr. Chairman, which I would like put in the record, and I will read a summarized version.

It is a privilege for us to be here today to discuss the efforts of both the State Department and USAID to combat terrorism. President Bush said defeating terrorism is our nation's primary and immediate priority; in a word it is this generation's calling. The war on terrorism has led to a broadening of USAID's mandate and has thrust the Agency into situations that go beyond its traditional role of humanitarian aid and development assistance.

In both Iraq and Afghanistan, USAID has stood in the frontlines of important battles in the new war. The USAID's initiatives are helping the people of Iraq and Afghanistan reclaim their societies and together we're laying the groundwork for their rebirth. Through the end of the cold war and the challenges that now face USAID have prompted the most thoroughgoing reassessment of the country's development mission since the end of World War II, when the reconstruction of Europe began. We are responding with a new understanding of the multiple goals of foreign assistance, specifically we now have reformulated what we do into five distinct, broad challenges.

BROAD CHALLENGES OF FOREIGN AID

First is supporting transformational development. Second is strengthening fragile states and reconstructing failed states. Third is supporting U.S. geo-strategic interests. Fourth is addressing transnational problems and fifth is providing humanitarian relief in crisis countries. Let me go through each of these to describe how that relates to the goal of combating terrorism.

First, supporting of transformational development. It is the mission of USAID to shore up the democratic forces in a society and to help bring economic reforms that have the most effective antidote to terrorist threats. The President's Millennium Challenge account, in fact, fits very much into this category, and we're working with a number of countries that are threshold countries. They will probably not make MCC status, according to the indicators, but they are on the edge of making it and we want to help them get through the 16 indicators so they do qualify. And that's a category of countries that are about to take off in terms of development. They're pretty functional countries but they're very poor, and they need help to take off at high rates of economic growth.

The second is strengthening failed and fragile states. The President's national security strategy underscores the changed dynamics of the post-cold war world. Today, weak states, it says, pose a greater danger to our national interests than strong states do. We are dealing with this consequence today. There is perhaps no more urgent matter facing AID's portfolio than fragile states, and no set of problems more difficult and intractable. I might add that the bulk of the states we deal with are either failed or fragile states now, the 80 countries in which we have USAID missions. It is no accident that the three countries which hosted headquarters Al Qaeda were failed states; first Somalia, then Sudan and then Afghanistan. That is not an accident.

The third category is supporting U.S. geo-strategic interests. Aid is a potential leveraging instrument that can keep countries allied with U.S. policy. It also helps them in their own battles against terrorism. For example, while it is vital that we keep a nuclear-armed Pakistan from failing and allied with us in the war on terrorism, we must also help Pakistanis move towards a more stable, prosperous, and democratic society.

The fourth category is addressing transnational problems, such as HIV/AIDS, infectious disease, international trade agreements and various efforts to combat criminal activities to support terrorism.

The final category is a historic one for USAID and the U.S. Government, and that is humanitarian aid and disaster relief. There is a moral imperative, and that has not changed, to provide assistance to people's basic needs. We must, however, do a better job of combining this assistance with longer-term development goals.

I want to be clear in my remarks today. I do not believe terrorism is simply caused by poverty. The clear analysis shows that there is no necessary relationship. There are very poor countries that have no terrorism, there are middle income countries that do. I do believe, however, that there are certain conditions that encourage terrorist networks and spread their influence. Among these are

geographic isolation of people; a lack of economic opportunity and large levels of high unemployment; weak institutions and governance; a lack of financial transparency in their private banking sectors and poor educational systems. Many of these issues are related and overlapping, but I'd like to discuss each of them briefly to show how they relate to our ability to make contributions in the war against terrorism.

GEOGRAPHIC ISOLATION

First is geographic isolation. I would commend a book written by my friend, Ahmed Rashidi, a journalist for the Far Eastern Economic Review; he's a Pakistani scholar and journalist. He wrote a book called "The Taliban," which is the best book on the Taliban. It was written before 9/11. And what he describes is fascinating, because the connection between the terrorist threat, the isolation in the most remote areas of Pakistan and Afghanistan, to the Al Qaeda networks and the relationship between the madrassas along the border between the countries is directly related to the rise of Taliban and Al Qaeda in Afghanistan.

Building roads has been an extremely effective means of combating the effects of geographic isolation. We signaled this last year when we completed a 379 kilometer highway that connects Kabul to Kandahar; we're now building the rest of it with the Saudis and the Japanese, between Kandahar and Herat. We did this in 13 months. Having run the Big Dig in Boston, I can tell you this is almost unimaginable what we built, a 379 kilometer highway through the middle of this heartland of Al Qaeda and Taliban, in the middle of a war and got it done in 13 months. The restoration of the road was one of President Karzai's overriding priorities. Everybody, including school children, know about the road. When I was down cutting the ribbon with Hamid Karzai, I went down to Kandahar, I asked 6-year-old kids: "Do you know about this highway?" They said: "Everybody knows about the highway." I said: "Who built the highway?" They said: "The Americans built the highway." So it's very well known that it exists. It is a symbol of what can happen when there is development going on in a society.

We're also sponsoring very innovative radio programming to restore communications infrastructure, private sector radio stations, in Afghanistan. In a similar vein, USAID has funded a so-called Last Mile Initiative, which will bring rural and isolated populations around the world into the information age via connection to the Internet.

ECONOMIC GROWTH AND JOB CREATION

Third is the lack of economic growth and job creation. We have learned that countries become vulnerable and subject to terrorist subversion when there are high rates of unemployment, particularly among young men between the ages of 15 and 35. You can look at actually a demographic analysis of societies. If 70 percent of the population is over 25 and there are low rates of unemployment, the incidence of terrorist groups and the incidence of militias, which are outside the control of the central government, tend to diminish dramatically. And if you have the inverse statistic you have a serious problem. It is the case that militias are recruited

from the ranks of restive and unemployed youth who are easily seduced into criminal activity. Our interventions in post-conflict countries have focused on various quick impact projects that generate employment as they help rebuild communities. We are using a variety of programs that address the economic isolation that is imposed on them by law and custom, by tenuous rights to property, multiple impediments to the creation of productive enterprise and disenfranchisement. One of the most important aspects of our strategy to address the lack of economic opportunity has been trade capacity building, because trade equals jobs equals lower unemployment rates.

GOVERNANCE ISSUES

Weak institutions and poor governance. The terrorist threat also correlates closely with governance issues. Our development programs are firmly committed to building networks of schools and health clinics and seeing that they are competently staffed. In Afghanistan, Iraq, and elsewhere we are installing management systems and teaching skills that will modernize key government ministries. For example, in Afghanistan right now, 1,000 people are on the staffs of the central ministries that are paid for by USAID. Eight hundred and seventy of them are Afghans with college degrees who have worked with international institutions, or NGOs, before their entrance, and we hired them jointly, very carefully—120 of them are expatriates. They are in the ministries; these are not people working for USAID and the Mission. We pay their salaries; they are the force to stand up competent ministries to develop public services. So the government is competent in administering services. Other programs, as in Cambodia, seek to foster competent political parties, political institutions at the national and local level, judicial reform and the protection of human rights.

Terrorism also breeds in places where the government is present but is gripped by corruption. We're beginning to mount a more worldwide assault on endemic, parasitic corruption of elites which, among other things, short circuits effective development and deepens the resentments that terrorists so effectively mine. Weak financial systems also contribute to the problem of terrorism by allowing the movement of money between institutions and groups without any oversight.

There is also a problem of choking off criminal activities like opium and poppy production. Much of the revenue in Afghanistan that fueled Al Qaeda and Taliban was provided by the heroin trade; 70 percent of the production of heroin in the last 10 years has been from Afghanistan. Our experience in fighting cocoa production in Peru, Bolivia, and Colombia has shown us that the only effective strategy to literally clear the ground for licit and legal crops that will feed the nation is aggressive eradication on one side and then alternative development programs on the other that provide a means for family incomes.

EDUCATION AND TRAINING

The lack of education and training. We believe that in the longer term education is one of the most potent weapons against terrorism. To that end we have designed programs specifically for the

Muslim world that respond to the challenges posed by the madrassas that preach radical forms of Islam. One approach focuses on improving the performance of secular education systems. We share the view with more enlightened Muslims that see the participation of women as a key to modernization, and our education programs are designed to emphasize this objective.

Finally, we would like to emphasize that the presence of our missions and embassies in a host country can be a powerful educational force as well as a potent counterweight to the presence of terrorism and anti-Americanism. I'd like to cite that of the 8,000 people who work for USAID—we have 2,000 direct hires, but 8,000 employees total—4,000 are former foreign service nationals. They are not Americans. They are Brazilians, they are Peruvians, they are Ugandans, they are Jordanians, and they work as a cadre of development experts, many of them have PhDs or law degrees or they're experts in their disciplines in their countries. Many of them have worked for USAID for a couple of decades. They are our links into the community at the grassroots level but they also have used USAID as a way of learning American values and American systems, and I am proud that legions of these graduates, from our FSN workforce, have now gone on to ministerial posts. I would add that the new vice president of El Salvador, just elected 2 weeks ago, is a former FSN with USAID in El Salvador. The minister of agriculture in Guatemala stopped me 2 years ago at a conference and thanked me because for 10 years he was an FSN with our agriculture program in Guatemala. He was the minister of agriculture, I don't know if he still is. But we find this all over the world, that people who used to work for USAID now are in ministries as ministers, as prime ministers, as heads of NGOs and universities.

PREPARED STATEMENT

I want to close with one point. We at USAID are the chief instrument of what some people call the Nation's soft power. I'm not fond of the phrase because it unintentionally implies weakness, and it is the opposite of that. In any case, the President signaled the importance of what we do when he called development a critical part of the triad of foreign policy instruments. Last week he reminded us that the war on terrorism is imminently winnable but it will be long and tough. He has also referred to it as an unconventional war that will require a large measure of old fashioned resolve and fortitude as well as new thinking. He has charged my Agency with new challenges and unprecedented responsibilities. I consider it our most important calling. Foreign assistance is one of our nation's best offenses against terrorism and instability now and in the long term.

Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF HON. ANDREW S. NATSIOS

Chairman McConnell, members of the subcommittee: It is a privilege to be here today to discuss the efforts of the U.S. Agency for International Development to combat terrorism.

September 11 and the war on terrorism have brought the most fundamental changes to this country's security strategy since the beginning of the Cold War. This was the theme that Secretary of State Colin Powell brought to Congress in multiple

testimonies this month and last. Recent events in Madrid—as in Indonesia, Morocco, the Philippines, Turkey, Uzbekistan, and Pakistan, among other places—underscore the urgency of his remarks and the global nature of this challenge. As President Bush said: “Defeating terrorism is our nation’s primary and immediate priority.” In a word, it is this generation’s “calling.”

This country is no longer tasked with managing a global political chessboard with two blocs of opposing armies and alliances. We face a challenge that is much more complex.

In September 2002, President Bush unveiled his National Security Strategy to address the unprecedented challenges that are facing the nation. It outlined the new direction in foreign policy that was required to respond effectively to what occurred the previous September. Among the tools that would be engaged in the new war was “development.” Indeed, it was elevated as a “third pillar” of our foreign policy, along with defense and diplomacy. The global war on terror is the arena in which foreign aid must operate. This requires USAID to acknowledge its mission is broader than the traditional humanitarian and development response. We are challenged increasingly to deal effectively with failed states, transnational problems, and geostrategic issues.

In February of last year, the Administration issued the National Strategy on Combating Terrorism, which laid out a “4D strategy” in the War on Terror: (1) defeat the terrorists, (2) deny them resources and state sponsorship, (3) diminish the underlying conditions that terrorists seek to exploit, and (4) defend U.S. citizens and interests at home and abroad. USAID’s programs aim directly at both denying terrorists resources and diminishing the underlying conditions that terrorists exploit.

In both Iraq and Afghanistan, USAID has stood in the front lines of the most important battles in the new war. The outside world has little understanding of the devastation—physical and psychological—that these societies had suffered from decades of predatory and tyrannical governments and political fanaticism. USAID initiatives are helping the people of Iraq and Afghanistan reclaim their societies and together we are laying the groundwork for their rebirth.

Our country’s post-war reconstruction efforts in Iraq are critical to the broader war on terror and remain a central priority of the Agency. Our achievements are significant, especially in light of the security situation and the desperate and ongoing efforts of some to disrupt our progress.

To check the forces of terror and bring peace and stability to this dangerous region of the world, USAID is committed to the President’s goal of seeing democratic governments come to Afghanistan and Iraq. It is a historic commitment that is rivaled only by the Marshall Plan, to which my Agency traces its origins.

The new challenges have prompted some of the more important internal reforms I have brought to USAID. A bureau of the Agency formerly focused on humanitarian crisis has been redesigned to deal with the vulnerability of contemporary societies to conflict and breakdown as well as the shoring up of democratic governance around the world. The Office of Conflict Management and Mitigation has been created to provide analytical and operational tools in order to sharpen our responses to crises by better understanding the motivations, means, and opportunities for violent conflict to thrive.

Terrorists frequently thrive within an atmosphere of chaos. Conflict and state failure serve the purposes of terrorists by providing them with an opportunistic environment in which to operate. Regimes that are closed—politically and economically—foment a sense of hopelessness and multiply the number of aggrieved, who become easy recruits to the terrorist cause. It is the mission of my Agency to shore up the democratic forces of society and to help bring the economic reforms that are the most effective antidote to the terrorist threat and its appeal. We understand that this is not going to happen overnight and that our contributions are necessary but not sufficient alone: a fact clearly pointed out in the President’s National Strategy for Combating Terrorism. The war on terror will be a long one, as the President reminds us, and it will take both resolve and long-term commitment.

USAID’s higher profile in our foreign policy initiatives since the war on terror began can be measured in budgetary terms. The commitment to the Agency has been substantial and growing as we administer funds from a number of Foreign Affairs accounts. In fiscal year 2003, for example, we administered a nearly \$14.2 billion portfolio, including supplemental funds for Iraq, which is up from \$7.8 billion in fiscal year 2001. We are proud of this vote of confidence and anxious to make good on our daunting responsibilities.

The end of the cold war and the challenges that now face USAID have prompted the most thoroughgoing reassessment of the country’s development mission since the end of the Second World War. We are responding with a new understanding of

the multiple goals of foreign assistance. Specifically, USAID now faces five distinct challenges:

- Supporting transformational development
- Strengthening fragile states and reconstructing failed states
- Supporting U.S. geo-strategic interests
- Addressing transnational problems
- Providing humanitarian relief in crisis countries

You may notice that “conducting the war on terror” is not one of the Agency’s core goals. Each of these goals, however, is vitally relevant to what the President has called this nation’s “primary and immediate priority.” Let me take a moment to outline these challenges.

Supporting transformational development.—In the developing world, USAID supports far-reaching, fundamental changes in institutions of governance, human services such as health and education, and economic growth. Through this assistance, capacity is built for a country to sustain its own progress. While these efforts have long been justified in terms of U.S. generosity, they must now be understood as investments in a stable, secure, and interdependent world.

Strengthening failed and fragile states.—The President’s National Security Strategy wisely recognizes the growing global risks of failing states when it said: “The events of September 11, 2001 taught us that weak states . . . can pose as great a danger to our national interests as strong states . . . poverty, weak institutions and corruption can make weak states vulnerable to terrorist networks and drug cartels within their borders.” The failure of states such as Zaire, Afghanistan, Lebanon, Bosnia, Somalia, Liberia had repercussions far beyond their own regions. We are dealing with the consequences today.

There is perhaps no more urgent matter facing USAID’s portfolio than fragile states and no set of problems that are more difficult and intractable. USAID has extensive experience in conflict and post-conflict situations, which uniquely equip us to play a constructive role in achieving stability, reform, and recovery in fragile states. I offer our experience in the Sudan as illustrative.

USAID boasts unparalleled expertise in Sudanese affairs. Our staff has spearheaded strategic interventions that have brought pockets of peace and intervals of tranquility which have allowed our humanitarian missions to move forward and peace to gain traction. They have helped coordinate policies with other nations that have brought this country to the doorstep of peace after more than a generation of civil war. Our goal is to bolster the peace, provide humanitarian relief, and spur recovery in order to maximize incentives for further development and now it is up to the Sudanese government and warring parties to pursue this path of opportunity that the U.S. government and other donors have helped to open.

Supporting U.S. geo-strategic interests.—Aid is a potent leveraging instrument that can keep countries allied with U.S. policy. It also helps them in their own battles against terrorism. Our tasks today however, are broader and more demanding than just winning the allegiance of key leaders around the world. For example, while it is vital that we help keep a nuclear armed Pakistan from failing and allied with us in the war on terrorism, we must also help Pakistanis move toward a more stable, prosperous, and democratic society. Our support for reform of Pakistan’s educational system and its political institutions is critical in this regard.

Addressing transnational problems.—Global and transnational issues are those where progress depends on collective effort and cooperation among countries. Examples include HIV/AIDS and other infectious diseases, international trade agreements, and certain criminal activities such as trafficking in persons and the narcotics trade. USAID will continue to play a leading role on these issues, working with countries to help them address these problems so that they do not slip into instability and failure.

Providing humanitarian relief.—The United States has always been a leader in humanitarian aid and disaster relief. We are the largest contributors of food aid that have fed the hungry and combated famine around the world. This is a moral imperative that has not changed. We must, however, do a better job of combining such assistance with longer term development goals. And we must make sure that the recipients are aware of help and U.S. generosity. This is particularly important in areas of the world subjected to anti-Americanism and terrorist propaganda.

I want to be clear. I in no way believe that terrorism is simply caused by poverty. Osama Bin Laden was by no means from a deprived background, nor were the perpetrators of 9/11. I do believe that there are certain conditions that are propitious to terrorists and their cause. Among these are: isolation, a lack of economic opportunity, weak institutions and governance, a lack of financial transparency and poor educational systems. Many of these issues are related and overlapping, but I’d like

to discuss them each briefly, and outline some of our endeavors in these areas and the critical contributions they make to waging an effective war on terrorism.

(1) *Isolation*.—As the experience in Afghanistan indicates, remote and isolated areas of poorer countries are the most fertile grounds of terrorist fanaticism. These continue to be the strongholds of the Taliban.

Building roads has been an extremely effective means of combating the effects of isolation. USAID's signal achievement last year was the rehabilitation of 389 kilometers of road that connects Kabul with Kandahar, an unprecedented engineering feat given the constricted time frame and insurgency threats. Approximately 35 percent of Afghanistan's population lives within 50 km of the highway, much of this agrarian and rural. Plans are being implemented to extend it to the city of Herat, were it will then arc back and reconnect with Kabul in one complete circuit.

Restoration of the road has been one of President Karzai's overriding priorities. It is crucial to extending the influence of the new government, now endowed with democratic legitimacy and bent on a new start for the country. When complete, it will help end the isolation that has sheltered the Taliban and fed terrorist insurgency. It will stimulate development and reconnect the country to a larger network of regional trade.

I am convinced that development has generally gotten off track in abandoning its commitment to road building, particularly in rural areas. Short term, it generates employment; long term, it serves development. In connecting more remote regions to the capital cities, it also spreads the modernizing forces of urban life to the hinterlands. And in places like Afghanistan or Pakistan, this can make a significant contribution to the war on terror. In other places like Nepal where we built roads decades ago, recent evaluations have shown that they have had an enormous impact in opening access to remote areas and countering the impact of insurgent groups.

Radios are another example of how we combat isolation. Afghanistan has a radio culture. USAID has restored radio transmission towers. It has also funded innovative programming and provided the capital to build private radio stations. For example, Radio Kabul has broken new ground with a program that appeals to the music tastes and concerns of the young, featuring a mix of female and male disk jockeys that are representative of the diverse ethnic groups in Afghan society. Such things were unimaginable under the Taliban and the programming popularity is testament to the country's new ethos.

In a similar vein, USAID is funding the so-called "Last Mile" initiative, which will bring rural and isolated populations into the information age via connection to the internet. Increased development and trade opportunities for such areas can also be pursued through such linkages to the outside world.

(2) *Lack of economic growth and job creation*.—We have learned that countries become vulnerable and subject to terrorist subversion when there are high rates of unemployment, particularly among males aged 15–35. This has been confirmed time and again by our experiences with fragile and failing states. Militias recruit from the ranks of restive and unemployed youths who are easily seduced into the criminal activities that support terrorism.

Our interventions in such countries have focused on various quick impact projects that generate employment as they help rebuild communities. In channeling the productive energies of such peoples, these programs also provide visible signs of hope that can counter the call of those who base their appeals on a sense of hopelessness. Indeed, programs such as "food for work" may be the only means of survival for backward or war-devastated communities. As we found out in Afghanistan, this is what stood between desperation and reliance on Taliban "charity."

The most potent weapon against terrorism, however, will come not from external aid but from the internal development of such societies. USAID is using a wide variety of programs that address the economic isolation that is imposed on them by law and custom, tenuous rights to property, multiple impediments to productive enterprise, and disenfranchisement. We take inspiration from the work of Hernando De Soto who seeks to integrate the untapped talents and tremendous energies of the marginalized by bringing them into the mainstream of their nation's economy. And we apply the lessons from the work of Michael Porter who seeks to unlock the potential latent in national economies by creating local conditions that foster business and job creation.

One of the most important aspects of our strategy to address the lack of economic opportunity has been trade capacity building activities. This includes supporting trade negotiations and helping countries take advantage of the opportunities for trade. Complementing our efforts in the World Trade Organization and in support of the Africa Growth and Opportunity Act, our trade capacity building programs help integrate countries into the world trading system. Our programs which support our trade negotiations from Central America to Southern Africa and beyond will

help countries: a) implement the free trade agreements, furthering the rule of law and improving transparency, and b) benefit from the opportunities offered by those agreements.

In order for trade agreements to translate into investment opportunities, developing countries must have a sound business climate. In much of the developing world, however, it remains difficult to start and run a business. We are addressing some of the key issues related to property rights, contract enforcement, and rule of law—that are part of the enabling environment that allows businesspeople, investors, and farmers to build private enterprises and create wealth.

Another example is a report from Mindanao in the Philippines, where USAID has been working to provide economic opportunities and permanent private sector jobs for members of an insurgent group. Unsolicited, this prompted another armed group to offer to turn in their guns for a jobs program like the USAID program in a neighboring village. This is the kind of demand these programs can generate.

There is also the problem of choking off criminal activities like opium and poppy production that provides the livelihood for many people in different regions. Our experience in fighting cocoa production in Peru, Bolivia, and Colombia has shown us that the only effective strategy is to literally clear the ground for the licit crops that will feed the nation while aggressively pursuing eradication of the others.

In eradicating poppy, we eradicate what is a major source of funding for terrorists. We are also addressing what has turned into a plague for the region. While poppy was cultivated for export to the West as a weapon to undermine the fabric of society there, it has caused a raging addiction problem in Pakistan, Afghanistan, and Iraq.

(3) *Weak Institutions and Poor Governance*.—The terrorist threat also correlates closely with governance issues. This has a geographic dimension, when, typically, institutions of government and the services they provide have only the most tenuous presence in areas outside the capital. Where food is scarce and health service is minimal, the religious schools called madrassas will fill the void. USAID has made fortifying agriculture and reviving rural economies a priority. Our development programs are firmly committed to building networks of schools and health clinics and seeing that they are a competently staffed. In Afghanistan, Iraq and elsewhere, we are installing management systems and teaching the skills that will modernize key government ministries. Other programs seek to foster competent political parties, parliaments, local government and judicial systems which ensure the rule of law.

Building and strengthening institutions has been at the center of our efforts in Afghanistan. We are supporting the electoral process, providing assistance for voter registration, political party development, and civic education. We are also expanding our rule of law program so that a new Constitution can be enforced and are heavily involved in supporting educational institutions at different levels and through a broad range of activities. In almost every country where USAID works, building up institutional capacity—whether it's supporting the Bank of Indonesia or the Indonesian Attorney General's office ability to combat money laundering or strengthening rule of law in Columbia—is central to our approach.

Terrorism also breeds in places where the government is present but is gripped by corruption. USAID considers the issue of corruption as central to our development mission. I have commissioned an agency-wide anti-corruption strategy which will move USAID's commitment to fighting corruption into all appropriate facets of agency operations. We have supported Transparency International almost from its inception and we work with a host of related NGO's in the field. We are developing innovative strategies in Washington and the field to counter the petty corruption that demoralizes the citizenry and encumbers their activities. The economic drag from such practices is literally incalculable.

We are also beginning to mount a more serious assault on the endemic, parasitic corruption of elites which, among other things, short-circuits effective development and deepens the resentments that terrorists so effectively mine. In making democratic change central to our foreign policy initiatives, we are not merely advancing a core value of our society but the most effective instrument of social regeneration in closed and corrupt regimes.

(4) *Weak Financial Systems*.—Related to weak governance is the problem of weak financial institutions and lack of financial transparency. Of particular significance to the war on terrorism are our efforts to reform banking and financial systems and install proper auditing practices that will track the monies that serve criminal activities and feed terrorist networks. Assistance efforts have helped pass legislation, set up financial crimes investigative groups, and trained bank examiners to identify and report suspicious transactions.

(5) *Lack of Education and Training*.—We believe that in the long-term, education is one of our most potent weapons against terrorism. To that end, we have designed

programs specifically for the Muslim world that respond to the challenge posed by radical Islamism. One approach focuses on improving the performance of the secular educational system, to help it compete more effectively with radical schools. Radical schools have been particularly successful in countries where the public school system has deteriorated, leaving an educational vacuum. This has been dramatically illustrated in Afghanistan and Pakistan. We share the view of more enlightened Muslims that see the participation of women as key to modernization. And our educational programs are designed with due emphasis to this goal.

Finally, I would like to emphasize that the very presence of our Embassies and Missions in a host country can be a powerful educational force as well as a potent counterweight to the presence of terrorism and anti-Americanism. Secretary Powell last year paid tribute to our missions as among the best exemplars of American values and among the nation's most effective "ambassadors."

I would also like to cite the over 4,000 Foreign Service Nationals that work for USAID. I have been thanked by them on numerous occasions in my travels and they frequently express their gratitude for the "educational experience" that USAID afforded them. In addition, I believe that the impact of our training programs has been enormous. I am proud that among the legions of "graduates," both of our educational programs and of our foreign service national workforce (FSN), many have gone on to ministerial posts and other positions of influence in their countries. We welcome the vice-president of El Salvador as one, a former USAID FSN installed in office several weeks ago in what, from a United States point of view, was a most promising election for the people of her country and inter-American relations.

I want to close with the following point. We at USAID are the chief instrument of what some call the nation's "soft power." I am not very fond of the phrase because it unintentionally implies weakness. In any case, the President signaled the importance of what we do when he called "development" a critical part of a triad of foreign policy instruments. Last week, he reminded us that the war on terrorism is eminently winnable, but that it will be long and tough. He has also referred to it as an "unconventional" war, one that will require a large measure of old fashioned resolve and fortitude as well as new thinking. He has charged my Agency with new challenges and unprecedented responsibilities. I consider it my most important task to respond to this "calling." U.S. Foreign Assistance is our nation's best offense against terrorism and instability now and in the long term.

This concludes my testimony, Mr. Chairman. I will be happy to answer any of your or the Committee's questions.

Senator McCONNELL. Thank you, Mr. Natsios. Ambassador Black.

SUMMARY STATEMENT OF HON. COFER BLACK

Ambassador BLACK. Thank you very much, Chairman McConnell, Senator Leahy, and distinguished members of the subcommittee. Thank you very much for this opportunity to testify today at your hearing on foreign assistance and international terrorism.

This hearing is appropriate and timely in addressing the State Department's specific counterterrorism programs and USAID development programs in the context of the U.S. Government's overall strategy to assist other countries. It is essential to consider these efforts together rather than narrowly viewing individual programs that respond to various regional or global threats. Today's hearing should reinforce the fact that international programs fundamentally contribute to our goals of diminishing the underlying conditions that spawn terrorism while thwarting and capturing terrorists before they can strike us and our allies overseas.

Resources are lifeblood as we prosecute the global war on terrorism. Many countries function as our allies in this effort but a number of these prospective partners are faced with relatively weak institutions and capabilities. Before I describe the variety of State Department programs, and I'll try to be short, to improve the capabilities and institutions of our international partners, I first

want to thank you and your colleagues for your subcommittee's support for these programs. We greatly appreciate your subcommittee's support for the administration's full fiscal year 2004 appropriations request for anti-terrorism programs funded through the Nonproliferation, Anti-Terrorism, De-mining and Related Programs account. I sincerely hope that your mark-up of the fiscal year 2005 request will be equally supportive and that your colleagues in the House will follow this example.

Administrator Natsios has described the scope of USAID programs briefly. To strengthen the institutions in our partner countries these efforts are a complimentary backdrop to the programs we pursue at State. In many of the countries where we work the overall institutions of government and society are not sufficiently robust for the task of aggressive counterterrorism programs. We cannot expect countries to be effective in deterring, detecting, and capturing terrorists if their security guards and policemen are barely literate and poorly paid and susceptible to bribes, their investigators, prosecutors and the judges are poorly trained and their basic communications infrastructure is weak or virtually non-existent. In order to develop these institutional capabilities fully, countries need a functioning educational system to develop qualified personnel. Institution building requires laws to provide the necessary legal framework for investigating, pursuing, apprehending and prosecuting terrorists. Countries even need radios, computers and other communications equipment that will allow foreign counterterrorism officials to exchange information real-time.

When we strengthen the institutions of our partners we move less-developed countries closer toward their full potential in combating terrorism. At the same time we must encourage our international partners to provide resources and expertise in support of this goal.

Mr. Chairman, let me turn briefly now to some of our specific counterterrorism programs. The administration is requesting \$128 million in the NADR account to meet the Anti-Terrorism Training Assistance Program's growing requirements. My office provides policy, guidance and funding to the Department of State's Bureau of Diplomatic Security Office of Anti-Terrorism Assistance, ATA. The highest priority for assistance remains in the southern crescent countries, which extend from East Asia through Central and South Asia to the Middle East and to particularly vulnerable East African countries. In this request, \$25 million is specifically intended for programs in Indonesia, Afghanistan, Pakistan, Kenya, and Colombia.

The ATA program provides a wide range of courses to strengthen the counterterrorism capacities of recipient countries. The Department works closely with U.S. embassy officers, especially regional security officers, to develop a tailored training package to meet each recipient country's needs. The training includes courses on hostage negotiation, bomb detection, and airport security, all of which are currently relevant to the threats and events we've witnessed in the past year.

The administration is also requesting \$5 million for the Terrorist Interdiction Program, or TIP. TIP is designed to enhance border se-

curity of countries confronted with a high risk of terrorist transit. Through this program priority countries receive a sophisticated database system and training support to identify and track suspected terrorists as they enter and exit at ports of entry. TIP is currently operational in 18 countries. The requested funds will be used for TIP installations in up to six new countries and continued work and maintenance on existing installations. The administration is requesting \$500,000 to strengthen international cooperation and to advance United States and international goals and to stimulate the analytical and problem solving skills of senior officials in countries that currently confront the terrorist threat.

We're also requesting \$7.5 million to support programs that combat terrorist financing. Understanding—

Senator McCONNELL. Excuse me, Ambassador Black.

Ambassador BLACK. Yes sir?

Senator McCONNELL. Are you near the end of your opening statement?

Ambassador BLACK. Yes sir, I am.

Senator McCONNELL. Okay, great.

Ambassador BLACK. I can stop right away if you like, sir.

Senator McCONNELL. I want to assure you, if it's any help, that I've read your statement.

Ambassador BLACK. Okay

Senator McCONNELL. I appreciate having it read to me again but I can read.

PREPARED STATEMENT

Ambassador BLACK. Okay. I certainly did not mean to suggest that, sir. Anyway, we have a spectrum of programs that we think are crucial in the global war on terrorism. They provide an underlayerment in terms of the anti-terrorism assistance program to the interdiction program to our diplomatic initiatives with other countries so that we can build the capacity and the will to fight terrorism.

If that's all right with you, Mr. Chairman, I think it's probably best I stop right there.

[The statement follows:]

PREPARED STATEMENT OF HON. COFER BLACK

Chairman McConnell, distinguished Members of the Subcommittee, thank you for the opportunity to testify today at your hearing on "Foreign Assistance and International Terrorism."

This hearing is appropriate and timely in addressing the State Department's specific counterterrorism programs in the context of the U.S. Government's overall efforts to assist other countries, rather than programs that respond to various regional or global threats. Today's hearing should reinforce the fact that international programs fundamentally contribute to our goals of diminishing the underlying conditions that spawn terrorism and trying to capture and thwart terrorists before they can strike us and our allies overseas.

Resources are lifeblood as we prosecute the Global War on Terrorism. Many countries are willing to cooperate in the Global War on Terrorism, but many of these prospective partners are faced with relatively weak institutions and capabilities. Before I describe the variety of these programs to improve the capabilities and institutions of our international partners, I first want to thank you and your colleagues for your Subcommittee's budgetary support for the programs. We greatly appreciate your Subcommittee's support for the Administration's full fiscal year 2004 appropriations request for Anti-Terrorism programs funded through the Nonproliferation,

Anti-Terrorism, Demining and Related Programs (NADR) account and we applaud your efforts to restore at least some of the cuts made by the House last year. Your action recognizes and underscores the essential role of international programs in the ongoing effort to combat terrorism. I sincerely hope your markup of the fiscal year 2005 budget request will also be equally supportive and that your colleagues in the House will follow this example.

My colleague, USAID Administrator Natsios, has described the broad Agency for International Development programs to strengthen the institutions in our partner countries. These programs are a complementary backdrop to the programs we pursue at State.

Institution Building for CT Programs.—While the State Department's counterterrorism programs focus on developing specific skills, we recognize that in many of the countries where we work, the overall institutions of the government and society are not sufficiently robust for the task of aggressive counterterrorism programs. For this reason, institution building is not an abstract or academic concept. Institution building begins with having laws in place to provide the necessary legal framework for investigating, pursuing, apprehending, and prosecuting terrorists. It requires capable and motivated law enforcement personnel, investigators and prosecutors and judges. Therefore, aside from the many other benefits that may accrue from our foreign assistance programs, the U.S. Government must consider the status of a country's social institutions and our role in enhancing those capabilities to support the Global War on Terrorism.

Foreign Assistance Programs Support CT Programs.—We cannot expect countries to be effective in deterring, detecting and capturing terrorists if their security guards and policemen are barely literate, poorly paid and susceptible to bribes, if the investigators, prosecutors and judges are poorly trained, and if the basic communications infrastructure is weak or virtually non-existent. In order to develop these institutional capabilities fully, countries need a good educational system to develop qualified personnel and even radios, computers, and other communications equipment that will allow foreign counterterrorism officials to exchange information in real time. We must do what we can to strengthen the institutions of our partners and thereby move less developed countries closer toward their full potential in combating terrorism. At the same time, we must also encourage our international partners to provide resources and expertise in support of this goal.

Mr. Chairman, let me turn now to some of our specific counterterrorism programs.

STATE DEPARTMENT COUNTERTERRORISM PROGRAMS

Antiterrorism Training Assistance (ATA).—For fiscal year 2005, the Administration is requesting \$128 million in the NADR account to meet the ATA program's growing requirements. Of this amount, \$25 million is specifically requested for programs in Indonesia, Afghanistan, Pakistan, Kenya, and Colombia. The ATA program was among the first specific counterterrorism programs funded at State, initially authorized in late 1983. It continues to serve as the primary provider of U.S. Government antiterrorism training and equipment to the law enforcement agencies of friendly countries needing assistance in the Global War on Terrorism. My office, the Office of the Coordinator for Counterterrorism (S/CT), provides policy guidance and funding to the Department of State's Bureau of Diplomatic Security Office of Antiterrorism Assistance (DS/ATA), which implements the program. My office determines the relative priority for select countries to receive a given type of training. If a country must be assigned a higher priority because of specific problems, we will do so. It is important to keep in mind that we receive far more requests for ATA training than we can accommodate in a year, and there are always countries waiting for the benefits of this program. Once the prioritization process is completed, our colleagues in DS/ATA then work out the details of the training schedules and make the arrangements.

The ATA program provides a wide range of courses to strengthen the counterterrorism capacities of recipient countries. The Department works closely with the U.S. Embassy officers, especially the Regional Security Officers, to develop a tailored training package to meet each recipient country's needs. The training includes traditional courses, such as hostage negotiations, bomb detection, and airport security. In recent years, ATA has developed new courses for investigating terrorist organizations and defeating cyber-terrorism. The program has also provided a series of seven seminars to help other countries strengthen their counterterrorism legislation.

In fiscal year 2005, we plan to continue a robust schedule of training and assistance with our partner nations to further enhance their capacity to counter terrorism. The highest priority for assistance remains the "southern crescent" coun-

tries, which extend from East Asia through Central and South Asia to the Middle East and into particularly vulnerable East African countries and even beyond to the western hemisphere. We will continue to support specialized programs conducted in-country in Indonesia, Afghanistan, Pakistan, Kenya, and Colombia. We will support the Counterterrorism Center in Kuala Lumpur, established by the Government of Malaysia to address pressing regional counterterrorism issues. We will aid the Government of the Philippines in the establishment of a new law enforcement counterterrorism unit. We also expect to develop new courses and programs to meet the evolving terrorist threat.

Terrorist Interdiction Program (TIP).—The Administration's fiscal year 2005 budget request includes \$5 million for TIP. TIP is designed to bolster the border security of countries confronted with a high risk of terrorist transit. Through this program, priority countries receive a sophisticated database system and training support to identify and track suspected terrorists as they enter and exit at-risk countries. TIP is currently operational in 18 countries, and is scheduled for deployment in five more countries this calendar year. The requested funds will be used for TIP installations in up to 6 new countries and continued work and maintenance on existing installations.

CT Engagement.—The Administration is requesting \$0.5 million in fiscal year 2005 to strengthen international cooperation and working relationships for counterterrorism. In pursuit of this goal, S/CT coordinates and participates in a variety of bilateral meetings and conferences with our allies. These meetings and conferences not only advance U.S. and international goals; they also stimulate the analytical and problem-solving skills of senior officials in the countries that currently confront the terrorist threat.

Terrorist Finance Programs.—The Administration's budget request for fiscal year 2005 is \$7.5 million for the NADR account to support counter/anti-terrorist finance programs. Understanding and interdicting the financial transactions that sustain terrorist activity is a core function of the State Department's efforts to combat international terrorism. We seek to stem the flow of funds to terrorist groups and to strengthen the capability of our partners to detect, disrupt and deter terrorist financing networks around the world.

The groundwork for our counterterrorism finance offensive was actually laid many years before 9/11, through provisions that the State Department proposed and the Congress enacted in the Antiterrorism and Effective Death Penalty Act of 1996. The Act authorizes the Secretary of State, in consultation with the Attorney General and the Secretary of Treasury, to designate Foreign Terrorist Organizations (FTOs). Among other provisions, the Act prohibits U.S. persons and persons subject to the jurisdiction of the United States from knowingly providing material support or resources to an FTO, or attempting or conspiring to do so. Among the consequences of a designation, any financial institution that becomes aware that it has possession of funds of a designated FTO must retain control over the funds and report the funds to the Treasury Department's Office of the Foreign Assets Control (OFAC). Currently 37 groups are designated as FTOs.

Following the terrorist attacks of September 11, 2001, the President signed Executive Order 13224, which requires U.S. persons to freeze the assets of individuals and entities designated under this E.O. for their support of terrorism. There are currently over 250 individuals and entities designated under E.O. 13224. The White House has established an interagency mechanism to coordinate the USG policy on counterterrorism training and technical assistance, including terrorist financing.

We are not alone in our efforts to combat terrorist financing. The U.N. Security Council has also significantly enhanced efforts to combat terrorist financing after the September 11 attacks, calling on member countries to criminalize terrorist financing and to freeze the assets of terrorists and terrorist organizations. The U.N. Security Council created the 1267 al-Qa'ida/Taliban Sanctions Committee to maintain a list of individuals and entities associated with al-Qa'ida, the Taliban, or Usama bin Laden. All U.N. Member States are obligated to implement asset freezes, arms embargoes, and travel bans against those on the list. This list continues to expand as other countries join the United States in submitting new names to the committee. So far, the international community has frozen over \$130 million in assets of persons or entities with ties to terrorist networks, and in many cases to al-Qa'ida. The U.N. Security Council's role in fighting terrorist financing through its resolutions on asset freezing and other sanctions, and especially its listing of al-Qa'ida-related names, has been crucial to our efforts in this area.

We are working closely with the Financial Action Task Force (FATF), a 31-member international organization that sets standards to combat money laundering and more recently to combat terrorist financing. The FATF elaborated on two of its earlier recommendations to make the use of cross-border wire transfers and alternative

remittance systems (such as *hawalas*) more transparent, and less subject to exploitation by terrorist groups. On the bilateral front, interagency teams led by the State Department are traveling to states critical to our counterterrorism efforts to evaluate their financial systems, identify vulnerabilities, and develop and implement comprehensive counterterrorism financing training and technical assistance programs.

To help other countries combat terrorism financing, we have developed CT Finance Capacity Building programs that are jointly coordinated by S/CT and administered through the Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL). We coordinate these capacity-developing programs with counterpart entities at the Departments of Justice, Treasury, and Homeland Security, USAID, and the independent financial regulatory agencies. These programs provide front-line states with technical assistance in drafting anti-terrorist financing legislation, and training for bank regulators, investigators, and prosecutors to identify and combat financial crimes that support terrorism.

The INL Bureau also runs a number of other programs that strengthen the fundamental law enforcement framework needed to fight a number of problems: terrorism, conventional criminals, and narcotics, including narcotics trafficking linked to the financial support of terrorism. Examples include the International Law Enforcement Academies in Budapest, Hungary; Bangkok, Thailand; Gaborone, Botswana; and Roswell, New Mexico. Bilateral training also is provided for a variety of courses on such topics as alien smuggling, border security and cyber crime, and some of this training has counterterrorism aspects.

In addition to the counterterrorism programs mentioned above, the State Department also has a number of regional and country-specific assistance efforts, focusing heavily on countries where there are major terrorism threats.

South East Asia.—The Bureau for East Asia and the Pacific (EAP) has put together a \$70 million request in fiscal year 2005 using Economic Support Funds (ESF) program to continue to help Indonesia in a number of areas, including education, economic growth and implementation and enforcement of financial crimes and antiterrorism laws and policies. The education program initiative would be designed to improve the quality of secular and technical education and to moderate extremism in *madrassas*. In the Philippines, \$35 million is requested in ESF for EAP and USAID to continue to help the government and the Autonomous Region of Muslim Mindanao to implement their peace agreement. This is accomplished by funding sorely-needed health, education, and small infrastructure improvements and the transition of Muslim separatist fighters to peaceful and profitable livelihood pursuits, such as corn, sorghum and seaweed farming.

South Asia.—S/CT and ATA have several programs designed to allow countries in the region to defend themselves from terrorist groups. The ATA program has over the past year trained an indigenous presidential protective unit for the Afghan government. It has also recently completed the training of a dedicated civilian investigative unit in Pakistan that will significantly increase that country's capacity to investigate terrorist groups and their activities. Other ATA training conducted throughout the region is reinforcing the strong partnership between the United States and both Pakistan and India, as well as other South Asian governments cooperating in the Global War on Terrorism.

In addition to the \$6 million we are seeking for ATA programs in Pakistan to train counterterrorism specialists, International Narcotics Control and Law Enforcement (INCLE) funds are being requested to improve the effectiveness of that country's law enforcement efforts in border security, law enforcement coordination and development, and counternarcotics. The Administration has requested \$40 million for fiscal year 2005 to help secure the western border of Pakistan from terrorists, criminals and narcotics traffickers.

Africa.—The President's East Africa Counterterrorism Initiative (EACTI) announced in June of 2003 is designed to strengthen the capabilities of regional governments to combat terrorism and to foster cooperation among these governments. It includes military training for border and coastal security, a variety of programs to strengthen control of the movement of people and goods across borders, aviation security capacity-building, assistance for regional efforts against terrorist financing, and police training. EACTI also includes an education program to counter extremist influence and a robust outreach program. In addition to EACTI, we are using NADR funds, Economic Support Funds, and other diplomatic and developmental tools to help strengthen democratic institutions and support effective governance. Amounts devoted to these efforts are relatively small, but in Africa, a little goes a long way.

General Law Enforcement Training.—As part of a broader institutional building effort, INL is funding a police development program begun in 2002 for national police in Tanzania, Uganda, and Ethiopia. While not specifically CT focused, the pro-

gram is introducing essential skills-based learning and problem solving techniques to build the capacity of these East African police forces to detect and investigate all manner of crime, including terrorist incidents. INL is also funding forensic laboratory development programs in Tanzania and Uganda, designed to build the capacity of these governments to analyze evidence collected at crime scenes. In Kenya, INL is funding technical assistance and training for the Anti-narcotics Unit of the Kenyan national police and the anti-smuggling unit that works out of the Port of Mombassa. These units jointly search containers entering the port to interdict drugs and other contraband that may be brought into Kenya otherwise undetected.

Last year we held a major counterterrorism conference for 13 nations in southern Africa. The sessions, held in the International Law Enforcement Academy in Botswana, included crisis management workshops and discussions of ways to strengthen counterterrorism laws. In 2002, six African countries from various parts of the continent took part in a week-long CT legislation seminar in Washington that State co-sponsored with the Justice Department.

Latin America.—Colombia remains a major trouble spot in the western hemisphere because of the unholy alliance between narcotics traffickers and FARC and other terrorist groups. The variety of assistance programs include the Andean Counterdrug initiative, and anti-kidnapping initiative and the ATA program. The Colombia programs can be and have been the subject of separate hearings. I mention them because they are also part of the overall program to counter terrorism even though the elements are different than the more widely-publicized threat from al-Qa'ida and related groups.

Mr. Chairman, this concludes my overview of our foreign assistance programs that help support the GWOT. We had a productive meeting with your staff earlier this year to discuss my office's specific programs. If you or your staff want additional details, we would be glad to provide them. At this point, I'd be happy to take any questions.

Senator MCCONNELL. Great. Thank you, Mr. Ambassador.

Let's just go right to some of the questions that have been prominent in the news lately. To what extent do you believe the liberation of Iraq has served to draw international terrorists to that country?

Ambassador BLACK. Are you asking me, sir?

Senator MCCONNELL. Yes.

Ambassador BLACK. I think, first of all, we need to appreciate this is a global war on terrorism. The strategy is a global one. I think it's important to recognize that we put our resources where the terrorists are. We also need to cover those areas where either there is a limited terrorist presence or areas where they could in surge to. Look at this globally. As an example, there are areas such as the tri-border area in South America where there is not an established presence now; the terrorists who were there to a large extent have left but we position ourselves to identify and be able to counter any terrorists that flee to this area. I think it is important to appreciate that the current violence and anti-terrorism activity in Iraq is founded upon several key pillars. One is the members of the regime that have nothing, that have lost everything and have nothing to gain are operating against us. There are also those from established groups that are rallying to what they believe to be a cause to operate against coalition forces, as well as an element of those that have been incited, essentially, by play in the media.

Senator MCCONNELL. To the extent that terrorists have gone to Iraq, that's a pretty good place to fight them, is it not?

Ambassador BLACK. It is, indeed. You know, I do recall, Senator, at the height of the war in Afghanistan, where the commanding general there was being asked about his ability to prosecute the war against Al Qaeda. And if I may quote him, and I just forgot his name, I just thought of this off the top of my head, his answer

was essentially, you know, the Al Qaeda terrorists that present an immediate threat to the United States, we'll kill them here. And if they go somewhere else, we'll kill them there. So I think there is an element of that, Mr. Chairman, where there is a universe of these people that are determined to do us harm and this engagement is one that is global and right now we are paying particular attention, as are they, to the battlefield in Iraq.

Senator MCCONNELL. There are some that have suggested that by going on offense and taking the fight to the terrorists we're creating more terrorists. I'm curious as to your reaction to that line of argument.

Ambassador BLACK. I am profoundly against that argument. There is no opportunity to negotiate. One cannot appease. There are a number of these people that are very set in their ways, that are absolutely determined to do us harm, to kill as many people as they possibly could, and our determination to engage these people and our will to continue, I think is vitally important.

Senator MCCONNELL. To what extent is the well-publicized decision by Spain and Honduras to withdraw their troops from Iraq going to embolden terrorists or in general create a problem for us?

Ambassador BLACK. It's hard to estimate exactly how a terrorist will think in such a situation. I think the reality which they will have to confront, as these countries have been and continue to be good allies, the Spanish in particular have made significant contributions on the battlefield, is a democracy, their forces do respond to the actions of their government. I think that the loss has some significance. We want to have as many with us as we can. However, practically speaking, I think the position of the Spanish government is very clear. They know that they're playing a key role in the global war on terrorism. They've redeployed their forces to another area and I think the terrorists will fully appreciate that these losses are tactical and can be made up by reshifting of coalition forces, and that's what U.S. commanders have stated.

Senator MCCONNELL. Some in this country have argued, and you certainly have heard the argument, that the effort in Iraq is somehow detracting from the war on terrorism, as if they were two entirely separate issues. To what extent is the war in Iraq detracting from, or irrelevant to, as the critics have said, the war on terror? Or is it part of this larger effort? As you suggested earlier, we are confronting these people in a place where we're in a pretty good position to deal with them.

Ambassador BLACK. Again Senator, this is a global war. There is currently a finite set of these terrorist enemies we need to engage and we have done this in Afghanistan; we are doing it in Iraq. And the United States with her allies are operating globally, around the world, and I think it's important to appreciate that these forces are being used productively against a terrorist set, that if we weren't engaged with them there then we would be operating against them in other places and in other contexts.

Senator MCCONNELL. One final question on this round. To what extent does sticking to the June 30 transfer date and handing over at least the political authority in Iraq to an Iraqi entity undermine terrorists' arguments in Iraq, or elsewhere for that matter?

Ambassador BLACK. I believe there is a determination to conduct this action. I think that terrorists fear the emergence of a society where there's equitable representation. They fear what a democracy or a like or affiliated kind of a government does to their cause and they are intensifying their operational activity to do as much as they can to derail it.

Senator MCCONNELL. So it's reasonable to assume it could well get a good deal worse before June 30 than it has been?

Ambassador BLACK. Well, it's hard to predict. I think there are significant actions underway now on the battlefield in Iraq but our enemies clearly do appreciate that the clock is ticking, that the new Iraq is one in which there is to be equitable representation, in contrast to all of their recent history. This is a bright future and they want to stop it for their own advantages so they're likely to do everything they can do derail it in the short-term.

Senator MCCONNELL. Well, the BBC/ABC poll taken of Iraqi citizens back in February, which got remarkably little coverage in this country, was a clear indication that the Iraqi people feel that they're a lot better off than they were a year ago. And there was a stunning level of optimism about how they would be a year from now. The kind of numbers that people in my line of work would love to see in this country.

Ambassador BLACK. Absolutely, sir. And the folks that come back from Afghanistan and talk, you and I perhaps watch the news and TV and we see isolated incidents of, you know, violence and conflict. To a large extent it's looking at history, real time, through a straw. The vast majority of Iraqis want the kind of future that we're helping them to get. It's important that we do this and I think it is clear, at least in my view, history will say that Iraq is far better off as a result of these actions.

Senator MCCONNELL. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

Tell me, Ambassador Black, there was a horrible car bombing in Iraq, a number of children—I think it was in the last few hours—children killed. And horrible bombings in Saudi Arabia. The press, at least initially, reported that the Saudis had heard there might be six of these bombs; they were able to find and diffuse five. Now, in Saudi Arabia, is there any indication that Al Qaeda was involved?

Ambassador BLACK. The most recent reporting that I have received, Senator, is that there is no definitive proof yet that it was Al Qaeda. But the actions underway, as you know, in Saudi Arabia, the government of Saudi Arabia is fully engaged countering these individuals, and there's a tremendous amount of operational activity that's underway.

Senator LEAHY. What about in Iraq? Do we have—what is the indication of who was responsible?

Ambassador BLACK. Again, I would have to check. I think the forensics are underway. It almost always takes some time to actually prove this out, to find out exactly which particular group is involved.

Senator LEAHY. Did that appear to be internal, though, at least from initial reports?

Ambassador BLACK. They always say, when you come down to speak before you, one should not speculate.

Senator LEAHY. I accept that. Well, let me ask you a question that maybe you could answer. This is Foreign Policy Magazine, the most recent copy, and it has articles about Al Qaeda, and on the cover it says, leadership is in disarray, the training camps are in ruins, so why is Al Qaeda's ideology spreading faster every day? Gentlemen?

Ambassador BLACK. I think it's important, again, to emphasize what we know. What we know is, as the President has stated, more than two-thirds of the Al Qaeda leadership of the period of 9/11 is captured, detained, or killed.

Senator LEAHY. Accepting that, why is their ideology spreading faster every day?

Ambassador BLACK. It is the convergence of communications, TV, the Internet and the like, incitement, where—

Senator LEAHY. Let's take it step by step. The TV and the Internet and all was there before, before we broke up the leadership. So we have to assume there's something more.

Ambassador BLACK. Well, I think that there is a lot to see with greater regularity.

Senator LEAHY. Such as?

Ambassador BLACK. Well, such as your 9/11, to start with. The images of that were transmitted around the world in such a way that—

Senator LEAHY. But subsequent to that we went to Afghanistan, we knocked out a lot of the Al Qaeda leadership.

Ambassador BLACK. Yes, Senator, but also it goes the other way too, such as the bombings in Madrid, the bombings in Indonesia. And acts in one place of the world are transmitted around the other. The vast majority of these terrorists that formerly were very isolated have obtained comfort, if you will, in their objectives by seeing actions around the world.

Senator LEAHY. So these actions are why their ideology is spreading so fast?

Ambassador BLACK. No, it's not why, it's an incitement or an encouragement of, you know, radicalized views which have not, in our view, been sufficiently countered by the programs such as being conducted by USAID, which essentially encourage appreciation of, you know, moderation as opposed to radicalism.

COST OF REBUILDING IRAQ

Senator LEAHY. You mention AID and Mr. Natsios has said, appropriately, that USAID is being increasingly called up to deal effectively with failed states, transnational problems, geo-strategic issues, and part of our responsibility is making sure we know how much it's going to cost. I remember last April, a year ago, you stated with some confidence, on "Nightline," the American contribution to rebuild Iraq would be no more than \$1.7 billion. So far we're more than 1,000 percent higher than that. You were about \$18 billion short. Are your estimates getting more accurate?

Mr. NATSIOS. The estimate was not \$1.7 billion. That was the amount of money that OMB told me they were going to give us, the U.S. Government, to reconstruct Iraq.

Senator LEAHY. Is that what you told OMB that you needed?

Mr. NATSIOS. We weren't asked what we needed. We were told. We were not doing all the work, we were doing some of the work. Some of it was being done by State Department, some by some other Federal agencies, some by the Defense Department. There was an overall figure, I believe the figure was \$2.7 billion; the amount of money that we were given of that \$2.7 billion was \$1.7 billion. I never said on "Nightline" that that was the amount that we estimated—because we did not know how much it would cost since we weren't in the country yet.

Senator LEAHY. Well, let me ask you this. We've appropriated \$18 billion and we're told we had to do it immediately, needed it yesterday. I remember in the committee's conference, the White House said, we've got to have this money, we've got to have it right now. And that was 6 months ago and less than one-ninth of the money has been obligated. I expect far less than that has been expended. What happened between we've got to have it immediately and the fact we're not using it?

Mr. NATSIOS. Well, I can only tell you what was given to us. We've been given \$3.8 billion between the first and second supplemental. We've obligated \$3.3 billion as of last week.

Senator LEAHY. How much have you expended?

Mr. NATSIOS. That obligation means that there are signed contracts but the contracts are 1 year to 2 years long so some of them are being expended more rapidly because they're shorter contracts, some of them longer. But our expenditure rates are pretty good, I don't know the exact figure now.

[The information follows:]

EXPENDITURE RATES—IRAQ

As of April 2004, USAID has been apportioned a total of \$4,338,263,000 from the Fiscal Year 2003 Iraq Relief and Reconstruction Fund and the Fiscal Year 2004 Iraq Relief and Reconstruction Fund. Of this amount, \$3,328,194,000 has been obligated and \$1,247,797,000 has been expended.

Mr. NATSIOS. But obligation is a written contract with people on the ground spending money.

Senator LEAHY. If the people on the ground can get there. Under the circumstances there now, a lot of them are leaving because of the danger.

Let me just read what you did say on "Nightline." Koppel says, all right, this is the first, when you talk about \$1.7 you're not suggesting the rebuilding of Iraq is going to be done for \$1.7 billion. Your answer was, well in terms of the American taxpayers' contribution, I do. This is it for the United States. They're going to get \$20 billion a year in oil revenues but the American part of this will be \$1.7 billion; we have no plans for any further funding for this.

Mr. NATSIOS. Right.

Senator LEAHY. That's from the transcript. A little bit different than your answer today, Mr. Natsios.

Mr. NATSIOS. Senator, if I could——

Senator LEAHY. I have supported USAID as much as any Member of this Senate and I just, you know——

Mr. NATSIOS. My answer, a minute ago, just to be very clear sir, was that at the time that was put forward, that is what we were

told the U.S. contribution was going to be. That is what we proposed in the first supplemental. What I just said was I never suggested on that program or elsewhere how much it would cost to reconstruct Iraq because we were not in the country yet. And until you're in a country and you do assessments, which the World Bank has done with UNDP and the U.S. Government, we did not know how much it would cost. We do know now how much it would cost, there's been a pledging session, I believe the amount pledged from all donors and international institutions is about \$34 billion. So a substantial amount has been pledged, not just by the United States but by donor governments around the world, including the Bank and the United Nations.

Senator MCCONNELL. Okay, thank you, Senator Leahy. Senator DeWine.

AGRICULTURE PROGRAMS

Senator DEWINE. Thank you, Mr. Chairman. Mr. Natsios, you and I have discussed in the past the importance of agriculture development programs, and you're a big advocate for that, I'm a big advocate. Yet we keep seeing the requests from the administration going down. I was glad to see, when you all first took office, the program went up. We saw a high point, I think, of about \$480 million in 2003, but your request for 2005 I think is \$419 million. That disappoints me and I just, you know, it seems to me that, you know, I just don't know why we're cutting the very initiatives that will reduce our need for emergency food assistance in the future. And if we're going to deal with the long-term problems, if we're going to shape the future in these developing countries, I don't know any other way of doing it than to put some investment and some money into agriculture. You want to talk a couple minutes—I've got another question—but do you want to talk a little bit about that?

Mr. NATSIOS. I would like to, Senator, because I fully agree with you. I have been disappointed as well. We did have 2 good years where we increased the resources. I am disappointed by the amount in the budget, but that's the reality. The reality is that agriculture is not very visible. You and I support it and I know members of this committee have supported it but—

Senator DEWINE. Well, let's get it done.

Mr. NATSIOS. Let me tell you, though, what the consequences of our not funding this program. What happens when there's a huge gap in between rural areas in terms of lifestyle and public services and people's family income in urban areas, as people migrate from the rural areas to the cities. And they do not end up in middle-class neighborhoods.

Senator DEWINE. No.

Mr. NATSIOS. They end up on the streets and in shanty towns. The most destabilizing thing in developing countries, particularly with large Muslim populations that are prone, potentially, to radicalization through these radical Islamic networks, is large scale migration to the cities without jobs in those cities. And so our strategy is, to the extent that we have the money to spend it, is to spend the money in the rural areas to rectify the inequality between the rural areas and the urban areas so they don't go to the

cities. Because when they leave the rural areas, the natural constraining factors of the traditional mullahs, their family, their extended family, local institutions, local governance, which constrain and socialize young men's behavior as they're growing up, goes on everywhere in the world, not just in the southern countries. It's rich countries too, where that's the case. Those systems collapse when families move to urban areas. There are no substituting factors that constrain and socialize young men's behavior at that age. And so we don't want them to move to the cities. We want them to stay in the rural areas and improve life for them. However, it has not been a particularly popular thing, in the United States, to vote for this stuff because it's not as visible, and it's more remote and other things like health, which are very important, education, very important, other things, but in my view this is one of the critical and most important things that we can do.

Senator DEWINE. Well, I appreciate, you've articulated it very well. I just, you know, would hope that working with the administration we can do better in this area. I mean, there's many, many conflicting, you know, many drains on the budget, many demands on the budget but it seems to me this was a great investment. You've articulated it very well.

HAITI

Let me turn, if I could, to Haiti. Earlier this month, a couple of weeks ago, Secretary Powell testified in front of this community, and I asked him about how much money we're going to be able to set aside for Haiti this year. And I suggested to him that the \$55 million that is budgeted is just not going to be enough. And he wholeheartedly agreed. In fact, let me quote what he said. "The need is much, much greater, Senator. One hundred and fifty million dollars a year"—which is the figure I had just thrown out to him—he said, "\$150 million a year would almost be a modest sum, frankly. This is a country that's been, once again, run into the ground that needs everything." Last month I asked Mr. Noriega, Mr. Franco similar questions. I asked about were such programs as agricultural development, rebuilding basic infrastructure would fit in in our future assistance strategy. Let me just tell you, Mr. Administrator, I want to be candid. While everyone says we have this great need in Haiti, everybody from the Secretary of State all the way down, I'm still waiting for a plan. I'm still waiting to see where the administration is going. Now, I understand that the USAID has come up with a draft emergency response plan. Is that correct and is that something you could share with us today?

Mr. NATSIOS. We have not only a draft emergency plan but a draft transition plan.

Senator DEWINE. Can you give us any insight into that?

Mr. NATSIOS. Yes. Just in terms of the funding, we are now reviewing our existing budgets because, of course, we're in the middle of the fiscal year, and we have spent much of our budget. So, that's a problem in terms of where we get the money from. And so we are reviewing the areas that we have discretion in. As you know, we cannot take money from the Eastern European accounts because legally you can't transfer money from those accounts; we can't take money from the Andean Initiative because it's for the

Andean countries, which is the largest component of our aid program in Latin America. So there are restrictions in terms of our ability to transfer from other accounts into Haiti. Is it enough money? No. Secretary Powell was correct, I fully agree with him. We will obviously spend whatever money in fiscal 2005 that you give us, Senator. It is a serious problem, and if we don't deal with it we're just going to have a repetition of this again in another 5 or 10 years.

In terms of what's in the emergency plan, the first phase of it is to stabilize the existing situation, which is going on now. In the transition plan that we've done, we want to do three things we did not do 10 years ago when we went through this. One, we did not engage the Haitian-American diaspora, many of who are professional people and entrepreneurs. They have skills and values from American society that could be very useful in reconstructing Haiti. And they can transfer those values much more easily than we can. And so we're going to have three conferences with CIDA, the Canadian aid agency, and USAID, for the Haitian-American community to tell us how they think they could help us do this reconstruction in a way that would engage the large Haitian-American diaspora in the United States.

The second is, we did not have a government to work with before. The new government, we're very, very pleased with. They are technocrats, they're honest people, they appear to be competent technically, and so we are going to coordinate with them. Because if you don't get the engagement of an indigenous government, it really reduces the effectiveness of your program. So we do have one good thing working in our favor.

Economic growth is a critical part of this. If there aren't jobs, it's going to further destabilize the situation. So we've got to work on the issues around transformation of the economy. They were transforming in the early 1990s and the great sadness of what happened in the 1990s was all that industrial manufacturing that had created about 500,000 jobs, has all moved to Central America. And that's not going to come back easily. Some of it stayed, but much of it has left.

So those are the three components right now.

Senator DEWINE. My time is up but I just want to say, that that's why I was so happy in the last hearing to hear Secretary Powell say that, you know, he supports our trade bill. And, you know, we've got to get that passed.

So, thank you very much. Thank you, Mr. Chairman.

Senator MCCONNELL. Okay, thank you, Senator DeWine. Senator Durbin, to be followed by Senator Shelby.

Senator DURBIN. Ambassador Black, I really didn't come to this meeting prepared to ask you any questions. But I do have to ask one now, based on what you've said in your testimony. I believe you responded to the Chairman by suggesting that we don't have an accurate view of what is happening in Iraq. You gave an example of the television coverage and you said that we are, like, looking at the situation through a straw—your words—and focusing on: "isolated instances of violence and conflict." Those were your words. I've heard Secretary Rumsfeld describe what has happened over the last 2 or 3 weeks as a flare up. I can't believe those words are

being used in reference to what we've been through in the last several weeks. The death toll now of Americans is over 700 in Iraq, over 3,000 injured seriously. More lives have been lost in the first 2 weeks of April in Iraq than in any month since we invaded that country. The Iraqi police and army, that we trained, were totally ineffective when this offensive started. Ambassador Bremer announced this week not to expect them to take any responsibility on June 30 for the security of their country. Foreign armies have not come to our rescue; sadly, they are leaving, causing a greater burden for the American troops which remain. There have been orders for 20,000 additional American soldiers to be sent to this theatre. And I can tell you that any Senator at this table will tell you when they go home on the weekend the phone calls they will receive from the families of Guard and Reserve. Isolated instances of violence and conflict are how you described it. Last week, Secretary Rumsfeld, after some extensive questioning, finally conceded that the situation in Iraq is worse today than he thought it would be. Are you prepared to make that same concession?

Ambassador BLACK. I think it's very important, Senator, for me to emphasize the response was to a specific question. The question was the viewpoint from the terrorists, in terms of incitement and terrorism. What I was trying to convey was that the terrorists are influenced by new forms of communication, television, the Internet and the like. And what I was trying to convey was that terrorists around the world can see acts of violence and it is covered pretty well, and this is an incitement to terrorists in areas other than on the battlefield, that there's a significance that we are heartbroken at the loss of life is all true and all of us as Americans view these developments very seriously. But what I was trying to answer was from the standpoint of the terrorists, and this is the end I know better, was, you know, what is the commonality terrorists in other areas of the world, what does this mean to them? And the commonality is they have instant communications, they can watch TV and these incidents are portrayed on a full TV screen and it has significant impact for terrorists. It is inciteful and it gives them comfort and continues to fuel their radical beliefs that are not to our advantage.

Senator DURBIN. I don't argue with that conclusion.

Ambassador BLACK. Sir, that's what I was trying to say.

Senator DURBIN. But to suggest that the television reporting of what has happened in Iraq somehow distorts by focusing on isolated instances of violence and conflict is to ignore the reality of the danger of this situation.

I'd like to ask you this question, because it's come up in many contexts. You're a 28-year veteran of the Central Intelligence Agency. When did you reach the conclusion, after 9/11/2001, that the key to fighting terrorism in the world was the invasion of Iraq?

Ambassador BLACK. As an intelligence officer I would not be involved in those decisions and gratefully I wouldn't have to make them. We provide—intelligence services provide analysis; my end was to provide analysis to facilitate that process, as well as to collect information for the decision makers and they would use that in factoring in what they decided to do.

Senator DURBIN. So you won't answer the question?

Ambassador BLACK. I wasn't in a position to do it, sir. I was in the collection operational end. I wasn't in the decision making end of this. And frankly, my involvement with Iraq was very limited. I look at terrorism as a global issue and others specifically looked at Iraq. I did not, Senator.

Senator DURBIN. That is hard to believe. Ambassador, State Department Coordinator for Counterterrorism with the rank of Ambassador-at-Large, and you never had an opinion as to whether the invasion of Iraq—

Ambassador BLACK. No sir. Senator, you asked me, if I understood you correctly, you were asking about my time in the Central Intelligence Agency, and I was speaking from that context.

Senator DURBIN. Well, can you speak to the context of your service to our Government? At what point did you reach the conclusion that the key to counterterrorism, after 9/11/2001, was the invasion of Iraq?

Ambassador BLACK. I believe that there is an association among terrorist groups. I think the Secretary of State made the case in front of the United Nations. I think our, you know, our policy makers viewed this issue and took action that's in the interest of the United States. Tactically looking at terrorists, there have been association, terrorists have moved across Iraq and this is a whole separate story. But that was considered friendly territory; in fact, many of the Al Qaeda that had to flee out of Afghanistan transited numerous countries in the area. So looking at it from a terrorist organizational standpoint there was an association.

Senator DURBIN. Is my time up?

Senator MCCONNELL. Yes.

Senator DURBIN. I'll wait for another round.

Senator MCCONNELL. Thank you, Senator Durbin. Senator Shelby.

Senator SHELBY. Mr. Chairman, I was not here earlier. We had a banking committee hearing. I'd like that my opening statement be made part of the record in its entirety.

Senator MCCONNELL. It will be.

[The statement follows:]

PREPARED STATEMENT OF SENATOR RICHARD SHELBY

Mr. Chairman, thank you for holding this very important hearing and for the opportunity to address the subcommittee and the witnesses on the need to ensure adequate resources and attention remain focused on the vitally important role of foreign assistance in waging a long-term struggle against terrorism.

Foreign aid programs, we all know, have long been very unpopular among the American public, which views the one-percent of the federal budget that goes towards aid programs as an unwarranted drain on higher priority domestic programs. Mr. Chairman, nothing could be further from the truth, and I commend you for the role you have played over the years in leading the effort to ensure that U.S. interests abroad receive the attention and resources they need. Since the devastating attacks of September 11, 2001, the importance of these programs has only grown, and you can be assured of my support in the months ahead as the budget process advances.

Terrorist organizations like al Qaeda, Jemaah Islamiya, Palestinian Islamic Jihad, Hamas, and others prey on the destitute and the desperate in their efforts at replacing existing governments with fundamentalist regimes that eschew democracy and freedom and that advance their cause through the use of indiscriminate violence. The scale of the problem, I think it is safe to say, exceeds anything any of us anticipated even as the threat of terrorism emerged during the 1990s as one of our most pressing national security challenges. Successes against al Qaeda in Af-

ghanistan—and they have been considerable—have perversely resulted in a diffusion of the problem as less-centrally coordinated cells replace the hierarchy that once characterized the birth child of Osama bin Laden. The threat of terrorism today is enormous, and has already had a very fundamental transformational effect on the way we live our lives in history's strongest and most prosperous country.

I am a supporter of the President's Millennium Challenge Account. Foreign aid programs should take into account recipient countries' commitment to the ideals of democracy and free enterprise. The war on terrorism, sadly, does not allow for as broad an application of that principle as many of us would like. Economic and security assistance to countries that share our interest in fighting terrorism but that do not represent our ideal recipient must remain a central tenet of U.S. foreign policy for the foreseeable future. We simply cannot afford to discount the role countries like Pakistan, Uzbekistan, Nepal, Egypt and others play in the struggle against terrorism. They need our assistance, and they should receive it. At the same time, we should not give out blank checks. Security assistance in particular must come with strings attached that ensure it is not abused for the purpose of repressing legitimate democratic aspirations. Economic assistance, similarly, must be oriented toward transition to free market systems where the rule of law and transparency are integral parts of those transitions.

Mr. Chairman, I thank you again for the opportunity to address the hearing today, and look forward to the testimony of the witnesses.

Senator SHELBY. Ambassador Black, it's good to see you again. You have had a distinguished career at Central Intelligence Agency and I'd like to focus some of my remarks on terrorist financing. And I don't know what you can tell us here today. And the Banking Committee, as you probably know, is engaging in a comprehensive review of our government's ability to identify and track the financing of terrorists in their operations.

I think it's a given in a lot of quarters that the terror finance issue is viewed as much diplomatic as it is enforcement at times. One example, there are material differences in many countries' view of the phrase, support for terrorism, as it relates to the sanctions program. As you look around the world, Ambassador Black, can we convince our allies that the President's standard is appropriate? And if so, how have we been able to do this? Have we hurt our long-term efforts for a short-term benefit, and what are our biggest challenges here, success in this area? Because I think it's important to get to the financing.

TERRORISM FINANCING

Ambassador BLACK. I think absolutely, as I believe you will recall, the greatest progress and greatest growth in the field of counterterrorism has been in the financial area. It's been only in the last few years that this has been addressed aggressively and comprehensively. The experts that look at this first have to identify where we need to encourage the will of countries to look at their system in a critical way.

Senator SHELBY. That's hard sometimes.

Ambassador BLACK. That's very hard to do. And then to take corrective action that may impact in other areas besides terrorism and that may not be necessarily instinctively appealing to some segments of a society in a particular foreign country. We look to encourage them to change their rules, the banking regulations, essentially to improve their will and capacity but to create a commonality of financial, legal rules and to make sure that there is a way to enforce the regulations in an international way. We do this by working not only bilaterally with countries but also through the United Nations, working with our partners in the G-8, work with

other countries. So there has been growth, there has been progress, and it is tricky, Senator, because when you figure out a way to close off one avenue of fundings or one ploy from a terrorist group invariably they will seek to do something else. So we have broadened into such things as—

Senator SHELBY. Unconventional financing.

Ambassador BLACK. Unconventional financing. And it's basically an offense and defense type thing; as we get a leg up in one area they shift to something else so we have to keep at it.

Senator SHELBY. But essential to our fight on terrorism, is it not?

Ambassador BLACK. Yes, it is, absolutely. If armies move on supplies then the terrorists need access to funding, is the most important thing. And unfortunately for us, usually they don't need much. But we can severely threaten and curtail so that they cannot conduct training as they have in the past and do the big things. The small things are harder to catch but the big things we have some optimism what we can interdict on.

Senator SHELBY. Ambassador Black, while the focus of a lot of discussion is on the Middle East for various reasons, the scourge of terrorism and the harboring of terrorists has become a global phenomenon. From the tri-border area that we're both familiar with in South America to the continued consolidation of its position in Lebanon by Iranian- and Syrian-supported Hezbollah, to Uzbekistan currently experiencing either a resurgent Islamic Movement of Uzbekistan or whatever Al Qaeda offshoot is replacing it, to the jungles of Indonesia, the challenge that's facing us has grown beyond anything some of us imagined, you know. Maybe not you, you know, I mean, your special position a few years ago. In addition, I want to ask you, in addition to the countries and regions I've listed, where do you see the next challenges? And where in the context of harboring terrorist funds or using money for terrorist support are the real trouble spots?

GLOBAL CHALLENGE

Ambassador BLACK. I think it's a commonality. Again, I think you've hit it exactly right, Senator, it's global. As you make progress in one particular geographical area or in one sector, invariably it will shift to the other side of the world then another sector. Essentially I'd look at it in two ways. One, we have to work exceptionally well with our partners at the financial centers, London, Hong Kong and the like, so that we can begin to inhibit the movement of funds of terrorist groups or those associated with terrorists as well as identify the main individuals and funding mechanisms by which the operators get their funding.

USAID PROGRAMS AND COUNTERTERRORISM

Senator SHELBY. How will assistance programs, USAID, address some of these programs?

Mr. NATSIOS. Senator, there are a dozen countries now where USAID has programs on counterterrorism financing through the Central Bank. For example, in Central Asia, all of Central Asian Republics. Now employees in many of their commercial banks and their Central banks are being trained in money laundering and how to prevent it, how to notice whether or not transactions look

out of the ordinary. We are running anti-money laundering programs. It's not just in the terrorist areas, I might add, it's also in narcotics trading, it's in human trafficking. The globalization of the world economy has a bright side to it—more jobs, more wealth, less poverty. It has a darker side to it too, which is all the criminal elements who are now using globalization for their own darker purposes. We're doing a financial crimes training program for the judicial system in a number of countries, including South Africa. And there's a unit within West Bank Gaza that USAID runs that deals with this bank supervision system to stop the flow.

Senator SHELBY. Working?

Mr. NATSIOS. It is working, yes, to the extent that it's going through the formal system. You know Al Qaeda knows what we're doing now.

Senator SHELBY. Yes.

Mr. NATSIOS. And they're moving money, some of their money, as I understand it, my friend Cofer Black tells me, I see him every morning at the morning staff meeting with the Secretary, that some of the money, I think you said at one point, was moved into gold bouillon. And you can't track that through a bank account. I signed with the finance minister of the Philippines, when President Arroyo visited last year, an anti-money laundering effort in the Philippines that the government asked for there, and we're helping work with them on new regulations to control it. So we're doing that in a number of countries as part of our worldwide corruption campaign.

Senator SHELBY. Mr. Chairman, thank you for your indulgence.

Senator MCCONNELL. Thank you, Senator Shelby.

Let me shift to an area of the world where there appears not, at the moment, to be a difference between Senator Kerry and the President. On "Meet the Press" Sunday, when asked whether he supported the President's stance on Israel, Senator Kerry said yes, completely. On the same Sunday talk show, Senator Kerry also expressed support for the right of Israel to defend itself against Hamas terrorists. So it appears at least in this area there may not be a partisan debate during the election year and I think that's a good thing.

Ambassador Black, has the killing of Hamas leaders, including terrorist Yassin and al-Rantisi disrupted that organization?

Ambassador BLACK. I believe that it has disrupted it. The leadership being challenged like that certainly has a ripple effect on that society. You know, Israel has a right to defend itself; we've required them to be prudent and circumspect in what the objective is and the objective is peace. And currently there is a lot of violence with Hamas. Hamas will have difficulty replacing leadership individuals such as Rantisi.

Senator MCCONNELL. Do you see any difference in United States efforts to hunt down Osama bin Laden and Israel's targeting of Hamas terrorists?

Ambassador BLACK. Well, I think that I can speak from, you know, Al Qaeda, we've lost 3,000 people. We have to take actions to defend ourselves against an imminent threat. Israel has a right to defend itself, it has lost people. We, in the case of Israel and Hamas, it is important, the objective is peace, the objective is an

improvement in the quality of life. And we encourage both sides to reach that goal and Hamas and terrorists should stop violence and to allow some positive developments to take place.

Senator MCCONNELL. What impact, if any, has resulted from the elimination of these Hamas leaders, in terms of terrorist attacks against Israel?

Ambassador BLACK. We would have to see and we'd need more time to see what effect that has had on their operational capability. I think all of us need to look at this and see what the developments are.

Senator MCCONNELL. Mr. Natsios, how have USAID-funded programs in the West Bank and Gaza countered—if they have—the efforts of Hamas to win the hearts and minds of the Palestinian people?

Mr. NATSIOS. We have a number of programs, Senator, in West Bank and Gaza in a number of areas. First is in the area of civic education through the news media, and they are designed for young people, very young and teenage level people, that violence is not the solution. There are some things that we can measure precisely but the effect on people's behavior, while we know it takes place, you cannot quantify it as carefully as you can, let's say, child mortality rates or increases in income from micro enterprise, that sort of thing. We also are sponsoring—

Senator MCCONNELL. Have you all ever done any surveys, or are you familiar with any surveys of people in Gaza, for example, in terms of how widely a group like Hamas is supported?

Mr. NATSIOS. I think some surveys have been done; I am not familiar enough with them from memory to give you the data. But we certainly would be willing to look and provide to you. I've seen some of them a year ago.

Senator MCCONNELL. Do you remember whether more people were favorable or unfavorable toward activities of Hamas?

Mr. NATSIOS. I don't recall, Senator.

Senator MCCONNELL. Okay, go ahead.

Mr. NATSIOS. We are running a series of town hall meetings, panel discussions and young leader training programs at the community level, where areas that we might think would be primary breeding grounds for suicide bombers, to at least get these issues out on the table and have discussions that there are alternatives to violence. We're also running a series of community service programs that will bring conflict resolution skills. We're doing this in a number of countries. In fact, we set up a new office in USAID called Conflict Mitigation and Management because it's very clear that there are some things you can do at community programming levels that can affect people's propensity to get drawn into these violent militias or these suicide bombing groups.

Senator MCCONNELL. I hate to interrupt you but I want to ask if you are confident that none of our U.S. tax dollars end up in pockets of Hamas.

Mr. NATSIOS. We have an extensive program in the office we have set up in West Bank Gaza to monitor this; we have a system of certifications that we do where—

Senator MCCONNELL. Is the answer to my question yes, you're confident that U.S. tax dollars—

Mr. NATSIOS. I am confident, yes.

Senator MCCONNELL. Let me shift to Syria for a minute with you, Mr. Ambassador. Have you noticed any change in Syria's support for terrorism since the fall of Saddam Hussein?

Ambassador BLACK. There has been selective improvement in certain areas, certainly in the border area we see some positive signs there. We believe because of their strategic position in the region and their comprehensive support for established terrorist groups in Syria there's an awful lot more that they can do.

Senator MCCONNELL. Then they still are a haven to some extent for terrorists?

Ambassador BLACK. Yes, they are.

Senator MCCONNELL. So there's been some improvement but not nearly enough? Would that be a way to describe it?

Ambassador BLACK. Not anywhere near enough.

Senator MCCONNELL. To what extent is Iran supporting or directing Shiite cleric al Sadr?

Ambassador BLACK. There are contacts between Iranian officials and members of that community. We are concerned about the involvement and the projection of Revolutionary Guard personnel and the like into that community with contacts but I have to leave the rest of that to the intelligence community. We're concerned there are contacts, yes.

Senator MCCONNELL. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman. A couple of points I didn't mention, where Ted Koppel is speaking to Mr. Natsios, he said: "I understand but as far as reconstruction goes, the American taxpayer will not be hit for more than \$1.7 billion, no matter how long the process takes." Natsios answered: "That is our plan, that's our intention." And these figures, outlandish figures I see, and I have to say there's a little bit of hoopla involved in this. And then later on when asked the question again, Natsios said: "that's correct, \$1.7 billion is the limit on reconstruction for Iraq. It's a large amount of money compared to other emergencies around the world but in terms of the amount of money needed to reconstruct the country it's a relatively small amount."

Mr. Black, one of the things that the United States is admired most for is our values. As I travel around the world I speak of our basic values as a country, democracy, human rights, our respect for the rule of law. And I think the more we can point to that the easier it makes our diplomacy; I think it helps our intelligence gathering, it certainly helps us counter the message of extremists. Would you agree with that?

Ambassador BLACK. I would, yes sir.

Senator LEAHY. And the world looks to us for leadership and I think back to some of the things we've done, we closed our eyes at times during the cold war, sometimes we would support dictators because they said they were anti-communist. And then sometimes we turned a blind eye to activities of some countries because they said that they'd help us combat drugs. And now if they will fight terrorism we close our eyes, whether they're repressing minorities or whatever. We still see a number of very autocratic regimes since September 11, including some we give large amounts of aid to, engage in repression under the rubric of fighting terrorism. How do

you go to some of these autocratic countries, asking for their help in fighting terrorism, without giving them an excuse to violate the rights of their own people, to crack down on legitimate voices of opposition? For example, legitimate voices of dissent. I'm not talking about people trying to blow up their government or ours but people who protest peacefully. How do you do that balancing act?

Ambassador BLACK. I think it is a challenge. I would underscore that in all of my experience it has been very clear in all the dealings that we've had in countries that the way you generically described them is that we're in the business of countering terrorism, countering terrorists, which means identify the terrorists and counter them. We're not in the business of countering anybody else. We are proponents and advocates for the principles of democracy, free speech and the like. I always make it very clear, and we're always mindful, and sort of, you know, ruthlessly mindful and focused to any country that is cooperating with us, if they show any sign, and we check these things out, of using religious expression or political expression as an example that these are actually terrorists or they should be countered or someone should engage them, this is relentlessly looked at. We are in the business, we as Americans, in the counterterrorism field, of countering the terrorists, which means terrorists are specific individuals who represent, in our case certainly, an imminent threat to the United States. We encourage freedom of speech, religious expression and the like. So it is difficult. It requires constant education and we, as Americans, regardless of what element or what agency we are with, attempt, to the best of our ability to underscore that principle. And they are, of course, as I'm sure you would advocate, they are related. You really can't do one without the other.

USAID BUDGET

Senator LEAHY. I agree, but I could name a lot of countries where we give aid that are autocratic and we seem to be increasing our aid.

Mr. Natsios has quoted the President's national security strategy, which says that: "Poverty, weak institutions and corruption can make weak states vulnerable to terrorists networks." I certainly agree with the President on that, and with Mr. Natsios. Mr. Natsios testified that failed states, including Zaire, Lebanon, Somalia and Liberia had repercussions far beyond their own regions, and we're dealing with the consequences today. But the amount of aid we provide is not significantly more than the past, with one exception, Liberia, and there I had to offer an amendment over the administration's objections to provide emergency funding for Liberia because the administration had not done so. And we know what Senator DeWine has said about Haiti. I agree with all the rhetoric, I worry the reality of money is not there.

Mr. NATSIOS. Senator, if I could, I want to first thank the committee for their help and leadership on the budgets, since I've been administrator. We really do appreciate the money you've given us. But just to give you a sense of the importance of AID, when I started in office the total amount of money AID spent, from all spigots, was \$7.9 billion. That was in fiscal year 2001, the last year of the last administration. Last year we spent \$14.2 billion. Our budget

has basically doubled in 2 years. That is not all Iraq. It's Afghanistan and we have increased the budget for Africa for the first time in 20 years, by a substantial amount, it's a 35 percent increase in the Africa Bureau budget. And it's been stable for 20 years, since the early 1980s.

Senator LEAHY. Some of that money came from the Congress over the objection of the administration.

Mr. NATSIOS. Well actually, no, this is the money we asked for. You did give us more money for HIV/AIDS. I didn't include the 2004 budget.

Senator LEAHY. And Afghanistan, 1 year there was zero in there for Afghanistan.

Mr. NATSIOS. I understand that. I understand that but the budget cycle in the case of Afghanistan started before 9/11 took place, so. But if you look at all of our accounts, they've gone up. The President is putting a huge increase in foreign aid. Now I might add, ODA, which is Official Development Assistance, that's the standard used worldwide for donor governments. The donor-from all agencies, not just the U.S. Government, I mean, not USAID alone, was \$10 billion in fiscal year 2001. We estimate ODA this year will be up 150 percent to \$26 billion, and that is not primarily Iraq. In all these accounts, because of the Millennium Challenge account, because of HIV/AIDS, because of the President's 18 initiatives and foreign assistance, because of the increase in the Africa Bureau budget, because of the increase in famine assistance, there's a whole set of initiatives the President's made. So this is the largest increase in foreign aid since the Truman administration; we went back to our records.

Senator LEAHY. Including the \$146 million cut in international health programs and developmental assistance?

Mr. NATSIOS. Well, the priority of the Congress and the administration was in HIV/AIDS, and we put the money into those accounts.

Senator McCONNELL. We need to move along here. We've got about 15 minutes left and Senators are still here. Senator DeWine.

Senator DEWINE. Thank you, Mr. Chairman.

SUDAN

Mr. Natsios, let me move to Sudan. When Secretary Powell testified before this subcommittee, I brought up the issue of Sudan. As the former special humanitarian coordinator for Sudan, maybe you can continue the dialogue I started with him. He testified that we're this close in regard to a peace agreement. But this week the Sudanese government requested the U.N. emergency relief coordinator to postpone his visit. The coordinator and the humanitarian agencies really need access to the affected region in order to help the people suffering there. Given the current crisis and the lack of access, as far as the U.N. Mission and the humanitarian organizations that they're facing, what are your thoughts about how the United States can play a constructive role now in ending this conflict and suffering?

Mr. NATSIOS. I think there are two separate conflicts here. One is between the North and the South.

Senator DEWINE. Right.

Mr. NATSIOS. That's been going on since 1982. And Secretary Powell was correct that there are about two remaining issues, one around power sharing, the other about the application of law in Khartoum for Southerners. Those issues are still outstanding. They are being dealt with but we're not at a resolution of those issues. There is a relative cease-fire in the South, and that's been holding with a couple of egregious examples, but for the most part it's been holding. The biggest tragedy in the world right now is in Darfur.

Senator DEWINE. That's correct.

Mr. NATSIOS. You're specifically referring to.

Senator DEWINE. Right.

Mr. NATSIOS. That is the worst disaster in the world. We are very concerned about it. President Bush has spoken to President Bashir about it; I've spoken to the foreign minister about it; Secretary Powell has spoken to Vice President Taha about it at length. We have gone to the Security Council for a review of what is happening. We have gone to the U.N. Commissioner on Human Rights for review of this. I've tried to get staff in; we do not have visas yet, in fact, the State Department is meeting for the second time with the Sudanese Chargé here to get permission to get our DART teams, Disaster Assistance Response Teams, into the country.

Senator DEWINE. Do you have your staff in?

Mr. NATSIOS. We have a small staff in Khartoum, but we need far more people to respond. We have negotiated with the European Union and the United Nations in agreement between the rebels and the government for access into Darfur. The problem is unless we have monitors in there we'll have no way of knowing whether the agreement is being enforced, Senator. So I just want to thank you for bringing this issue up; it is a great tragedy, that we're about to end one conflict, and we're starting a new one. The atrocities committed in Darfur are among the worst I have ever seen; 800,000 people displaced; 400 villages have been burned to the ground; irrigation systems have been blown up. We are extremely disturbed by what has happened. I'm spending a very large amount of time on this; I talked with Jan Eglund, who is the U.N. Undersecretary General for Emergency Operations yesterday and we are trying to assist his office in getting his people in. The head of the World Food Program, who I spoke with yesterday, Jim Morris, is being sent in as the leader of that delegation next week but we have to get him a visa to get in, and there are problems with that. So, it is a serious problem, we're spending a lot of time on it at very high levels.

Senator DEWINE. Good. Well, I'm glad it's at a high level, and I, you know, I know that the President has spoken about it. We appreciate that, I commented on that before but, you know, I appreciate your focus on it very much.

Let me ask another unrelated question. There's been a considerable amount of press and attention given to USAID's malaria control policies and programs. "New York Times Magazine" wrote a significant piece about DDT and USAID policy just last week. I wonder if you wish to comment or clarify USAID's position in regard to malaria and the use of DDT.

MALARIA PROGRAMS

Mr. NATSIOS. There are two ways to control malaria at the household level in countries that are prone to it. One is through insecticide-treated bed nets, which is the policy we have been pursuing. We have empirical evidence from the field and tests that this dramatically reduces malaria because most people who get bitten, particularly children, get bitten at night. And if they do not have the bed nets they get bitten and many of the kids die if they are malnourished. That is the policy we have been pursuing. There are people who argue we should be spraying with DDT. Some Africans are saying to me, wait a second, you want us now to allow you to spray in our villages something that is illegal in the United States? Please explain that to me. So it's interesting to have it debated this way in the newspapers in the United States, but the fact is we haven't made it legal to use DDT in the United States. Are there arguments for it? Yes, there are. It can be used with a relatively minimal level of risk if it's used properly at the household level. However, we have a strategy, it has been working, and the question is, do we want to divert the money we are spending now in the insecticide-treated bed nets into DDT? We are reviewing this now, and this is not just my decision to make. If we shift strategies it needs to be discussed in Washington widely because it will be controversial.

Senator DEWINE. More to come. Thank you. Thank you, Mr. Chairman.

Senator MCCONNELL. Okay, we're going to do two more rounds and that will be it for the hearing. Senator Durbin, followed by Senator Shelby.

MICRO CREDIT

Senator DURBIN. Thank you very much, Mr. Chairman.

Mr. Natsios, 30 years ago an economics professor in Asia set out to prove a point that he believed, that if you loaned small amounts of money to very poor people amazing things would happen. Thirty years later that concept of micro credit Mohammed Unis initiated in Bangladesh now reaches some 70 million people across the face of the earth. It's an incredible testament to this man's wisdom and tenacity and the fact that he had an open franchise; anyone can try it. And fortunately the United States has supported micro credit expansion in the name of economic development, certainly the liberation of women, the enrichment of families and increasing opportunities for education. We've had a pretty strong record in support of micro credit as a nation until this year. And I'm concerned about decisions made in your agency about micro credit. The President included no reference to micro enterprise in his budget; USAID did not include it in its Congressional presentation, either in the House or the Senate, either of your testimony; you've reduced the administrative status of the Office of Micro credit and cut its funding by as much as 50 percent, and your 5-year strategic plan makes no mention of it. Why is USAID backing off of its commitment to micro finance?

Mr. NATSIOS. Well Senator, I don't know where that information comes from. It is not accurate. We have made no cuts in micro finance.

Senator DURBIN. I can tell you exactly where the cuts were made.

Mr. NATSIOS. Well Senator, if I could just finish.

Senator DURBIN. Sure.

Mr. NATSIOS. First, there have been no cuts made in micro finance in this budget or next year's budget. The funding level remains at \$150 million. Second, the status of the office has been the same since the Clinton administration. We reorganized, and we created a new Bureau on Economic Growth, Agriculture and Trade instead of in the Global Bureau. But the status of the office has not changed at all in 3 years.

Senator DURBIN. Well, what used to be the Office of Micro credit has been downgraded to the Micro credit Development Team within the Office of Poverty Reduction, accompanied by a cut in administrative funding by about 50 percent.

Mr. NATSIOS. Well, that's because we're sending the programs to the field to be run.

Senator DURBIN. Well, let's talk about where they're going in the field, and that concerns me as well, because I think this tells a story. Listen. In 2002, less than half, 45 percent of your funding went to groups directly responsible for delivering micro enterprise funds. The majority of the funding went to organizations that were involved in consulting, other for-profit organizations, business associations, research and government agencies. Less money is going for micro enterprise and more money is going for bureaucracy and consulting.

Mr. NATSIOS. Well, some of the NGOs that are providing that information, I think are misleading the Congress. I have to say I'm disturbed by it because it's not accurate, sir. We are attempting to convert many of Mohammed Unis's great ideas and by the way, we were the first to fund Mohammed Unis and his biggest funder and have been for 30 years. A review was just done of the USAID Micro enterprise Program. We were ranked, of 17 bilateral and multilateral institutions, as having the best micro finance programs in the world. We are the model now for all development agencies and remain that. What we are doing now is converting and some of the NGOs are working in this. I could tell you a couple of NGOs that are doing this. NGO funding, by the way, has not been cut. They're still getting about 48 percent. What we're doing with the rest of the money is some of it to create a savings and loans association in co-operative banks to convert what our informal networks into community-based banking. It is consumer-owned.

Senator DURBIN. Well let me just say, I have been, before your administration, I have been to South Africa and asked USAID, show me your micro enterprise. They took me to Soweto Township and showed me where they were loaning \$10,000 a week to a gasoline station, owned by Blacks, which was quite an achievement in Soweto Township.

Mr. NATSIOS. Sure.

Senator DURBIN. But that was their idea of micro credit and micro enterprise, \$10,000 a week. What I have seen in micro credit

and micro enterprise, and you have seen, I am sure, is that much, much, much smaller amounts of money have dramatic impacts on the lives of poor people and their families around the world. And my fear is that we're starting to look at this as a Junior Chamber of Commerce instead of what it was originally destined to be, and that is a way of liberating some of the poorest people in the world from their plight and helping them send their kids to school. Is this a change in philosophy?

Mr. NATSIOS. No, actually those programs were run in the 1990s that you mentioned and they remain programs. We don't support just \$50 loans. We support loans that will produce more employment for poor people. Let's say a woman starts a micro enterprise program making dresses, let's say, for a \$100 loan. Some people are more entrepreneurial than others, no matter how much training you give, some people have that instinct in some societies—if she's successful, what we then do is, we say, can we give you \$500? Can you employ 10 women doing this in your business? And if she says she can then we give her larger loans. So there is an effort to take the more successful micro financed projects and scale them up so they employ more people. And I can show you examples all over the world where scaling up, in fact, is creating huge increases.

Senator MCCONNELL. We need to wrap up, Mr. Natsios, and give Senator Shelby a shot here.

Mr. NATSIOS. Okay.

Senator DURBIN. Thank you, Mr. Chairman. I'd like to submit the remainder of my questions in writing.

Senator MCCONNELL. Yes, that will be true of everyone. I know that Senator Leahy has questions to submit for the record and we'll do that for everyone. Senator Shelby.

Senator SHELBY. I just have an observation, on picking up on what Senator Durbin was saying and some of what the Ambassador was saying. I have seen a lot of micro credit work in Africa, in Central Asia, myself, small loans, and they do grow. And I do believe that those are good programs, as you do, and I hope we will continue to expand them in the world because they give opportunities at \$100 or \$50 that they never dreamed they would have.

Having said that, I want to get into a couple of more questions with you, Mr. Black.

Mr. NATSIOS. If I could just say, Senator, I fully agree with you and that is what we are doing.

Senator SHELBY. Thank you. Thank you.

IRANIAN TERROR

Iran has long been categorized by the U.S. Government as the world's leading state-sponsor of terrorism. Just a few weeks ago the Iranian convened what they call a terrorist summit. Attending were representatives of Hamas, Islamic Jihad, Hezbollah, allies of Al Qaeda, such as Ansar al-Islam, along with 30 other groups, all designated by the United States as terrorist groups. Furthermore, Iran reportedly used Syrian planes that were flown to Iran for humanitarian purposes following their recent earthquake to supply arms back to Hezbollah in Lebanon on their return flights.

Mr. Black, how and to what extent has Iran continued and expanded its material support for the Palestinian terror groups such

as Hamas and Islamic Jihad in the two years since Israel intercepted the ship transporting arms in January of 2002?

Ambassador BLACK. Iranian intelligence hasn't stopped one iota.

Senator SHELBY. Not a bit?

Ambassador BLACK. Not a bit. You and I have talked about this—

Senator SHELBY. Yes sir.

Ambassador BLACK [continuing]. Over many years, Senator.

Senator SHELBY. Yes sir.

Ambassador BLACK. And they continue to be as formidable as they were in those days. A lot of effort goes into trying to keep up with what they're doing, to counter them, but their associations with many terrorist groups are long-standing and very deep. The most well-known of these, of course, is Hezbollah, where they provide a significant portion of their funding. Their operatives of the Iranian Revolutionary Guards are accomplished and active in various areas of the world. They represent a formidable threat in the field of terrorism.

Senator SHELBY. Sure. What can you tell us here about the co-ordination with Ambassador Bremer and the CPA regarding Iranian involvement in Iraq, particularly with Ayatollah Sustani?

Ambassador BLACK. I would have to take that for the record. There are others that would know much more about this than I, Senator.

Senator SHELBY. Would you furnish that to us?

Ambassador BLACK. Yes sir, I'll get back to you, sir.

[The information follows:]

We coordinate very closely with Ambassador Bremer and the CPA regarding all indications of foreign influences in Iraq.

CPA and Iraqi officials share our concerns about the role Iran is playing in Iraq. We are particularly concerned about border security, and the potential inflow of foreign terrorists and weapons to Iraq.

There are also concerns that the Iranians may have contacts with insurgent elements in Iraq, and are seeking to ensure their capability to influence events in Iraq.

The CPA is working closely with Iraqi officials to address these issues related to Iraq's stability and security.

Iran, like other countries, should abide by U.N. Security Council Resolution 1373 to deny safe haven to those who plan, support, or commit terrorist acts and to affirmatively take steps to prevent the commission of terrorist acts by providing early warning to other states by exchange of information.

Iran should also abide by U.N. Security Council Resolution 1511 which calls upon all Member States to "prevent the transit of terrorists to Iraq, arms for terrorists, and financing that would support terrorists."

Senator SHELBY. Is Iran using Hezbollah to funnel money to terrorists in the West Bank in Gaza?

Ambassador BLACK. The amount of funds that goes to Hezbollah is substantial and to my personal knowledge and experience it's primarily used within Hezbollah itself but I would have to take that for the record.

[The information follows:]

Hezbollah continues to be closely allied with and, at times, directed by Iran. The group continues to receive financial, training, material, political, diplomatic and organizational aid from Iran. We see clear evidence that Hezbollah is actively undermining prospects for Middle East peace by taking an active role in supporting Palestinian terrorist groups. This assistance has come in various forms, to include guidance and encouragement, funding, training and other forms of material support.

We will continue to apply pressure on all states and entities who use terrorism to threaten the prospects for a just and lasting Middle East peace. This includes

working closely with our allies to put pressure on state sponsors Iran and Syria, seek support for U.S. terrorism designations (including U.S. Executive Order 12947—Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process), and exposing the activities of these entities in our publications and public statements.

Senator SHELBY. Does that include bank transfers and other means, other unconventional means or some of both?

Ambassador BLACK. It's through a variety of means; money in suitcases and, you know, wire transfers and the whole spectrum.

Senator SHELBY. Are we doing everything we can to try to stop that, as far as you know?

Ambassador BLACK. Yes, we are, but there's always more we can do. This is a serious business and you know, we can always say there's a lot more that we can do and we are trying, Senator.

Senator SHELBY. The possibility of linking assistance to cooperation in combating terrorist financing—this has been brought up before. In testimony earlier this year, former Deputy National Security Advisor for Combating Terrorism, Richard Clarke, testified, suggested one approach to improving the level of cooperation among countries of interest would be the establishment of a certification process linking U.S. assistance to individual countries' records at cooperation in the war on terrorism including terrorist financing, very similar to the old process of certifying countries' cooperation in the war on drugs that we're familiar with. Is this a reasonable approach, to link this, or is it worth looking at? Mr. Ambassador, you want to?

Mr. NATSIOS. Eighty-five percent of our funding does not go through governments. It goes through trade associations, it goes through NGOs, it goes through universities, it goes through private businesses in competitive contracts. And so, we don't go—there are only about four or five countries left in the world where we actually give large amounts of money to the governments. So what I don't want to do is have a sort of—

Senator SHELBY. And those countries are Israel and who else?

Mr. NATSIOS. Egypt, Pakistan, and Jordan. There are a couple of, I mean, Bolivia, we're doing a little bit now but those are the big ones, that's where the 15 percent goes.

Senator SHELBY. Along this same line, it's interesting to note that of the seven countries listed by the Financial Action Task Force as non-cooperative in the effort to stem the flow of funds that support terrorist activities, one, the Philippines, has been a major recipient of counterterrorism assistance and another, Indonesia, presents us with one of our most serious long-term counterterrorism challenges in the entire world. Don't we need some kind of criteria? Or how do we do it? I know they need help, I know the Philippines definitely need help.

Mr. NATSIOS. Right.

Senator SHELBY. Indonesia is a heck of a challenge.

Mr. NATSIOS. In both countries, though, none of our money goes through the governments.

Senator SHELBY. Okay.

Mr. NATSIOS. It goes through these other means, and that's why we do it through other means so we can control the money.

Senator SHELBY. Control the money.

Mr. NATSIOS. Yep.

Senator SHELBY. Okay.

Mr. NATSIOS. But we'll certainly look at it, Senator. It's a legitimate point.

Senator SHELBY. Well, it's not original with me, it's just something—we just want to make sure the programs were working.

Mr. NATSIOS. Absolutely.

Senator SHELBY. Mr. Chairman, thank you for your indulgence.

Senator McCONNELL. Thank you, Senator Shelby and Senator DeWine for staying to the end. And we thank you both for your service to our country and we'll look forward to getting the answers to the questions that are submitted in writing.

Ambassador BLACK. Thank you Senator, for having this hearing.

ADDITIONAL COMMITTEE QUESTIONS

Senator McCONNELL. There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO ADMINISTRATOR ANDREW S. NATSIOS

QUESTIONS SUBMITTED BY SENATOR MITCH McCONNELL

IRAQ

Question. Following the June 30 transition in Iraq, will USAID be the implementing agency for humanitarian, health, education and democracy and governance programs in Iraq?

Answer. To date, USAID has been successfully implementing a large-scale development program in Iraq in the areas of humanitarian assistance, economic growth, health, education, democracy and governance, and infrastructure. We are currently building upon and expanding our interventions in each of these sectors with funding provided under the second supplemental. The allocations to date are articulated in the April 5, 2004, section 2207 report. USAID is prepared to increase its portfolio, consistent with its areas of expertise, at the request of the Secretary of State.

Question. What impact can regional democracy activists—such as Egypt's Said Ibrahim—have in furthering political reforms in Iraq?

Answer. While it is important for democracy activists in the region to continue their efforts and raise their voices in support of democratic systems of government in Iraq and throughout the Middle East, it is more important that Iraqis are in a position to advocate for democratic reforms in their own country. In order for democracy to take root culturally, below the level of institutional structures, there must be a genuine Iraqi demand for the reforms. USAID's assistance program facilitates this transformation by working directly with Iraqis to secure an environment that protects the rights of minorities and other marginalized populations, promotes a broad-based understanding of democratic rights and responsibilities, professionalizes the civil service, fosters freedom of expression, and establishes an independent and responsible media. These efforts, however, could be enhanced by political activists such as Said Ibrahim and other scholarly interpretations by Arab religious, academic, and opinion leaders regarding the consistency between Koranic teachings and democratic principles and institutions.

Question. Has the liberation of Iraq already had an impact on freedom in the region—such as increased calls for reform in Syria or Libya's recent opening to the West?

Answer. The liberation of Iraq has sent a strong message regarding the intention of the United States to oppose dictatorial regimes which terrorize their own people and offer haven to terrorist groups. Given the timing of the war and the calls for reform in Syria and Libya, a case could be made for there being a connection. Whatever the motivation for these new openings, the critical factor is to provide the support and encouragement necessary to turn the promise they hold out into reality. Activities to develop more democratic policies and mechanisms and a more open

market economy should be undertaken to help facilitate transparency and equity in these countries' dealings with their own citizens and the rest of the world.

AFGHANISTAN

Question. What programs are being funded by the United States to provide alternatives to Afghan poppy farmers?

Answer. It is generally agreed that a successful counter-narcotics effort is predicated on a three-legged approach (interdiction, eradication and alternative livelihoods). USAID operates under the alternative livelihood heading. Few crops can compete with poppy. However, USAID is implementing some programs which help farmers with alternative sources of income through production of high value crops, such as grapes, apricots, almonds, pomegranates, pistachios, walnuts, cherries, melons and peaches, in addition to food processing, as an alternative to poppy.

USAID's agriculture program—Rebuilding Agricultural Markets Program (RAMP)—is working in several key areas of Afghanistan which are growing poppies—most notably Helmand, Nangarhar and Kandahar. Specifically, of the 32 projects which had been funded under RAMP by mid-April, five were exclusively directed at these provinces, with a total value of \$7,610,291. These figures exclude projects which will impact these provinces but which have a regional or nationwide scope. USAID advisors have actually gone into villages where poppy is grown, and had discussions with the village headmen to ask them to sign affidavits attesting that they will disavow poppy cultivation in exchange for USAID assistance. Anecdotally, this has been a successful approach.

In addition, USAID is rehabilitating farm-to-market roads and providing market and storage facilities to ensure that perishable produce can make it to the markets and facilitate their sale, once there. Under RAMP, improving market linkages and the "value chain" from field to market to processing to final sale is a key strategy to improving farmer's incomes. By focusing this strategy on both traditional and innovative, high value crops, the relative attractiveness of poppy cultivation is greatly reduced. These market and storage facilities are being constructed in eight provinces, including Nangarhar, Helmand, and Kandahar. To date, three are completed, another 65 are under construction, and 100 will be completed by June 30, 2004. By late Summer, 141 market and storage facilities will be completed.

Question. What importance do the British (who are in charge of counternarcotics operations in Afghanistan) place on alternative crops or employment opportunities?

Answer. The United Kingdom has adopted a plan to support the Afghan National Drug Control Strategy. The Research in Alternative Livelihoods Fund (RALF) is a component of the UK's development assistance program to Afghanistan which is administered by the Department for International Development.

RALF is a \$5.4 million effort over three years, whose overall scope is applied research and the promotion of natural resource-based livelihoods specifically directed to rural areas currently affected by poppy production.

We are working closely with the British to ensure that our programs are coordinated.

Question. Are these [counternarcotics] activities sufficiently funded?

Answer. The key to successful counternarcotics activity is a fully integrated and well-implemented program involving interdiction, eradication and alternative livelihoods. While additional funds are welcomed, emphasis must be placed on a well-coordinated strategy.

Question. Are education programs in Afghanistan having an impact in mitigating radical Islam among the nation's youth?

Answer. USAID's education program in Afghanistan is primarily geared at primary education, for grades one through six, though we have been providing textbooks through grade 12. With that said, there is an enormous cohort of youth who did not attend school under the Taliban and so need extra help in order to reach a grade appropriate for their age. Our accelerated learning is directed at these students. The program is expanding rapidly, with now 137,000 students enrolled in 17 provinces. This program has also trained 4,800 teachers, specifically trained in methodologies for these students.

We are also working to improve the quality of education in the regular curriculum. In the 2002 and 2003 school years we provided a total of 25 million textbooks, this year we will provide over 16 million more. We are also implementing a radio-based teacher training program to improve the quality of teaching. The program is now broadcast in six provinces through local broadcasters and nationwide through a national broadcaster. Twenty-six of these programs have been broadcast to date and initial results from monitoring of the pilot programs found that approxi-

mately 80 percent of Afghan teachers in the listening areas listened to these programs.

Lastly, data show that Afghan children and youth are increasingly returning to school. In 2001, under the Taliban, approximately 1 million Afghan children went to school, in 2002, the first year we provided textbooks, UNICEF measured that 3 million children were in school. Data collection was poor in 2003, but education experts working in Afghanistan estimated that the total was approximately 4 million children in school. Finally, the latest data for 2004 show that 4.5 million children are in school. Such significant percentage gains year over year in school enrollment indicate a vote of confidence in a peaceful, productive future among Afghan children, youth, and their parents.

Question. What threat does Afghani Islamic fundamentalism pose to reconstruction efforts in Afghanistan?

Answer. It is important to draw a distinction between Islamic fundamentalism and terrorist activities. Extremist political groups who sponsor terrorist activities continue to pose a threat to reconstruction in Afghanistan. Fundamentalism itself is not the problem.

SOUTHEAST ASIA

Question. How can the United States and international donors hold governments in the region more accountable for their actions—for example, in Cambodia where despite significant foreign aid, the country remains a corrupt narco-state that is a known haven to regional triads and terrorists?

Answer. USAID does not engage directly with the Cambodian Government, except in the areas of HIV/AIDS treatment and prevention, programs to prevent trafficking in persons, and basic education. Many USAID-supported activities are funded specifically to encourage government transparency and accountability: legal clinics that challenge some of the most egregious situations; democracy projects that promote alternative political approaches; anti-trafficking programs that highlight some of the worst cases of abuse; and labor union programs that promote the free exercise of union rights.

More broadly, USAID programs are not structured to “reward” the government. Rather, the aim is to improve Cambodia’s human rights performance, introduce new ideas about good governance and address some of the most challenging social issues facing the country. With regard to terrorism specifically, it should be noted that since September 11, the Cambodian Government has been an active and cooperative participant in the fight against terrorism. Specific actions include sharing information, closing possible “cells,” and shutting down extremist sites and potential staging grounds for terrorist acts.

During initial operations against the Taliban and al-Qaeda in Afghanistan, Cambodia quickly offered basing and over-flight rights for U.S. military aircraft (this offer still stands). It also arrested four people in May 2003 with alleged ties to a terrorist organization and closed two Islamic fundamentalist schools where these individuals were employed. In addition, Cambodia destroyed its entire stock of hand-held surface-to-air missiles. It also introduced an automated system to keep better track of people entering and leaving the country.

Question. What programs are currently funded by USAID that encourage and foster regional cooperation among Southeast Asia reformers?

Answer. USAID is funding four programs that are fostering regional cooperation efforts to address transnational issues and opportunities, promoting public-private partnerships, and facilitating the exchange of information and ideas among reformers in Southeast Asia. The Southeast Asia competitiveness initiative focuses on improving competitiveness of the Asian economy by building economic clusters in Vietnam, Thailand and Cambodia that work towards growth and help government and the private sector design and implement national competitiveness strategies. The Accelerated Economic Recovery in Asia program supports legal, judicial and economic reform in Thailand, Vietnam, Cambodia as well as Indonesia and the Philippines. The ASEAN program supports projects in three areas: bolstering the administrative and project implementation capacity of the ASEAN Secretariat; building regional cooperation on transnational challenges, including terrorism, human trafficking and narcotics, and HIV/AIDS and other infectious diseases; and fostering economic integration and development between the ten Southeast Asian member countries. The trafficking in persons program operates in Thailand, Laos and Vietnam, and focuses on prevention, protection and prosecution to combat trafficking.

Question. What programs are currently funded by USAID to counter the efforts of madrassas to recruit the region’s disaffected Muslim youth?

Answer. In Indonesia, the new basic education program will also include assistance provided for school-to-work transition, especially to out-of-school youth. Over time, this will increase the prospects for employment among young job-seekers. Improved prospects for meaningful employment, and the better future that it can bring, should lessen frustration and alienation among those young people who could, otherwise, be willing recruits for leaders who advocate extreme solutions to social and economic problems. These efforts in the education sector will be complemented by the new emphasis on job creation in the new USAID economic governance and growth programs.

In October 2003 President Bush announced in the Philippines that USAID would make available up to \$33 million in fiscal year 2004–2008 for education assistance in conflict affected areas of the Philippines—specifically in the Autonomous Region of Muslim Mindanao (ARMM). To counter the efforts of madrassas to recruit disaffected Muslim youth, the program's goal is to improve the quality of education in ARMM region schools where public schools are grossly under-funded and madrassas may be the only school within walking distance.

The Improved Access to Quality Education in Poor, Conflict-Affective Communities program is designed to address the political, economic and social marginalization of Muslim and other impoverished, conflict-affected communities in Mindanao with a goal to building peace and economic security.

Program focus areas are:

- Increasing community-based learning opportunities—especially in school-less, conflict-affected areas;
- Promoting reintegration of out-of-school youth into the peaceful, productive economy;
- Improving teaching capacity in math, science, and English in both public and madrassa schools and providing opportunities for madrassa schools to adopt secular curriculum;
- Reforming education policy.

Key achievements to date:

- A Congressional internship program for young Muslim leaders provided the first group of ten college graduates and graduate students with an understanding of the dynamics of the legislative branch.
- Peace Corps volunteers in collaboration with the USAID education program are providing math, science, and English training for teachers from Muslim areas of Mindanao.
- Public elementary and high schools in the ARMM have received up to five computers each, as well as software, printers, network and internet connection.
- USAID is distributing books donated by U.S. publishers to schools and libraries in conflict-affected areas of Mindanao where reference and books materials are in critically short supply.

In two other countries, Pakistan and Bangladesh, USAID is responding to vulnerable and at-risk Muslim youth. The emphasis of USAID's program in such countries is to develop a more credible public education system so families can select this option as a viable option over the madrassa system.

To this end, USAID is working along several tracks. One approach being explored is the introduction of innovative approaches for early childhood learning. Some of these involve engaging parents, some of them semi-literate or even illiterate, to be proactive in the education of their children, having mothers take a greater interest in school operations and engaging unemployed or under-employed youths in the community with some level of education to act as tutors for children having difficulty in schools.

Another element of USAID's support for early childhood development is through a mass media approach to improving literacy, numeracy and critical thinking skills in the next generation. In Bangladesh, a USAID-supported Bangladeshi-produced Sesame Street program will include messages of tolerance and non-violent conflict resolution, reaching out to a broad audience in Bangladesh in addition to preschoolers.

Third, USAID is seeking a better understanding of the madrassa education system and its relationship with the mainstream public (and private) education systems. The objective is to identify incentives and resources to improve educational content at madrassas and to determine if there are appropriate entry points for U.S. assistance for those madrassas that are registered with the host government and subscribe to a government-approved curriculum.

Finally, USAID is supporting innovative public-private partnerships to increase job skills of older students and better prepare those leaving schools for future employment.

Question. How have USAID-funded programs in the West Bank and Gaza countered the efforts of Hamas to win the hearts and minds of the Palestinian people?

Answer. USAID funds broad range of activities in the West Bank and Gaza that engage the youth population, and are aimed at dissuading Palestinian youth from aspiring to be terrorists. For example:

- Our democracy and governance projects teach the skills of democratic, civil, non-violent mobilization and advocacy. They reach out to school children and university students, providing mentoring, counseling, and structure, and at the same time imparting skills, knowledge, and appreciation for non-violent conflict resolution techniques.
- USAID-supported civic education media programs are widely disseminated and designed to deliver and reinforce the message that there are problems, but that violence is not a solution.
- Town hall meetings, panel discussions, and young leader training programs reach out into the heart of the communities that have been identified as prime breeding ground of suicide bombers, providing avenues of communication that are effective and healthy alternatives to violence.
- Through our various community service programs, we are trying to inculcate skills and positive experiences that will support non-violent conflict resolution behaviors. For Palestinian teens and young adults, we support programs that “get them off the street” into positive, healthy, mentored situations where they are engaged in activities conducive to adopting non-violent approaches to resolving the national conflict.

Additionally, Palestinians put a very high priority on education for children. While USAID/West Bank and Gaza does not work specifically on curriculum development or textbooks, we do fund significant training programs for teachers and students, which help students deal in alternative ways with trauma and anger. For example:

- Our “psycho-social” training project has reached over 32,000 students between the ages of 6 and 18 and their teachers. Activities under this project include play and art activities for children, geared towards helping them deal with the tension of the situation on the ground, and group discussions with parents and teachers.
- Our People to People program works with Palestinian Ministry of Education and Israeli public school teachers on developing a curriculum that recognizes the views, values, narrative, and humanity of each side in the conflict.
- We also improve the learning environment by building and repairing classrooms, libraries, and labs. The 800 classrooms that USAID has remodeled and rebuilt provide improved learning environments for children. Among other things, these new classrooms provide the opportunity for girls to go to school in areas that they previously were unable to because of space limitations.
- USAID funds have also provided summer camp experiences for more than 8,500 girls and boys. Basic themes of these in-school and summer camp activities include moderation, reconciliation, and overcoming conflict through peaceful means.
- Under our Tamkeen project one NGO in Gaza supports university students’ work on issues of democratic practice, including peer mediation and conflict resolution.
- Another NGO has provided extremely high quality civic education to thousands of people (mostly high school students) throughout the West Bank and Gaza.
- Under our Moderate Voices program NGOs work with teachers, Ministry of Education, and school administrators on a peace curriculum integrated with the regular school curriculum. It has also supported an initiative with high school students promoting democratic dialogue, attitudes, and skills, and an ongoing project in the Gaza Strip to enrich and emphasize democratic and human rights oriented values in the standard curriculum.
- Also in Gaza, a peer mediation and conflict resolution program conducted in UNWRA schools disseminates desired values and identifies and training peer leaders to act as mediators in conflict situations.

Finally, a significant portion of our overall programming is geared to meeting emergency health and humanitarian needs, creating jobs, providing educational opportunities, and supporting economic development. In this way, USAID programs give Palestinian youth hope for a better life and future.

This fiscal year we plan to use available funds to design and implement additional targeted activities, within the parameters of current U.S. law.

Question. What plans does USAID have for its programs in Gaza—particularly those relating to water—should Israeli withdrawal become a reality?

Answer. The primary issue that determines USAID Gaza water programs is the security situation and the cooperation of the Palestinian Authority in the investigation into the killing of three American Security Guards that occurred on October 15, 2003. On 4/28/04, the Department of State determined that the situation had not improved sufficiently for the major infrastructure projects—the Gaza Regional Water Carrier Project and the Gaza Desalination Plant Project—to continue. However, rather than terminate the project, the U.S. Government is simply continuing to suspend activity, and retain the funds allocated in the hopes that these important projects can be brought on line rapidly should the situation change. If the security risk level is considered acceptable and there is agreement that the PA has cooperated in the investigation, we will want minimal time to begin implementation of the Gaza Regional Water Carrier and perhaps six months to bid and award the Gaza Desalination Plant Project.

Directly related to the Israeli withdrawal may be the need to replace water supplies now being provided by Israel's Mekorot Water Company, primarily (but not exclusively) to Gaza's southern settlements. Once the settlements are withdrawn it is conceivable that Israel will no longer pump water into Gaza. Piped connections may have to be modified so that Gaza communities will be able to benefit from the Mekorot lines. USAID/WBG will investigate the engineering implications of this issue over the coming weeks.

In addition, we believe that several of the Israeli settlements in Gaza are now getting their potable water from local groundwater reserves. Where this is happening, it may be necessary to provide piped connections from the wells to the closest adjacent Palestinian water network. Whether and to what extent this may be required must also be investigated in the coming weeks.

Question. How does USAID ensure that no U.S. taxpayer funds for the West Bank and Gaza end up in the hands of terrorists?

Answer. The Mission is well aware of the dangers associated with providing assistance to terrorist organizations or those who are affiliated with such organizations. Country Team vetting and close oversight help the Mission ensure that funds do not fall into the hands of terrorists. Consequently, beginning in November 2001, the Mission implemented a program whereby Palestinian grantees and contractors must be vetted by the Country Team at the Embassy in Tel Aviv. This applies to all contracts in excess of \$100,000 and to all grants regardless of dollar value. In each case, the organization and its key personnel are reviewed to determine whether they are engaged in terrorist activity. Also, individuals applying for scholarships or to participate in USAID funded training programs are similarly vetted. To date, the Mission has vetted more than 1,000 Palestinian organizations and individuals.

Finally, the Mission, with congressional encouragement, has developed a robust risk assessment strategy. All Mission institutional contracts and grants—approximately 100—are audited on an annual basis by local accounting firms under the guidance and direction of USAID's Inspector General. Preliminary findings on the first 10 auditable units appear to indicate that except for some questioned costs, general compliance and internal controls appear to be adequate.

INDONESIA

Question. Will increased assistance for education and health programs help counterbalance the ability of JI and other extremist groups to recruit in Indonesia?

Answer. The increased assistance from USAID for education and health programs should help to counterbalance the appeal of extremist groups and messages in Indonesia. The new basic education program will support our efforts to counter extremism through its focus on critical thinking, improved teaching methodologies, democracy, pluralism and tolerance. The focus on improving the quality of public school education, through improvements in school governance and teacher training, will allow schools that follow the government-mandated curriculum to offer a more attractive alternative to parents and students who are currently turning to private and religiously-based schools for basic education.

The assistance provided on school-to-work transition and the special assistance to out-of-school youth should, over time, increase the prospects for employment among young job-seekers. Improved prospects for meaningful employment, and the better future that it can bring, should lessen frustration and alienation among those young people who could, otherwise, be willing recruits for leaders who advocate extreme solutions to social and economic problems. These efforts in the education sector will be complemented by the new emphasis on job creation in the new USAID economic governance and growth programs.

Similarly, although perhaps over a longer time frame, increased assistance to health and other basic human services can lessen the appeal of extremists. The provision of better quality health, water and nutritional services to people and communities should improve their quality of life, particularly among poor Indonesians, and help address the feelings of abandonment that can fuel the anti-government and anti-societal appeal of extremists. More broadly, the delivery of improved services by local governments, through management systems that encourage community participation, ownership and control, offers citizens a real voice in their governance and, by extension, a more substantive role in the development of effective dispute resolution mechanisms at the local level.

Question. How does USAID maximize information technology in its programs in a geographically challenging place such as Indonesia?

Answer. The decision to make Indonesia one of three focus countries for the President's "Digital Freedom Initiative" (DFI), announced by President Bush at the October 2003 APEC meeting, offers the opportunity for USAID to pursue Information and Communication Technology (ICT) solutions to development issues using a more strategic approach than was possible in the past.

In recent years, USAID has integrated ICT solutions into over thirty development programs, including efforts in: (a) electoral management (including GIS-assisted establishment of voting districts); (b) establishment of a website for the National Parliament; (c) promoting pluralist civil society and tolerant Islamic values by disseminating information on religious tolerance on-line; (d) international trade promotion and small- and medium-sized enterprise development; (e) establishment of a Center for Energy Information in the Ministry of Energy and Mineral Resources to facilitate private sector investment; (f) promotion of decentralized and strengthened management of Indonesia's forests, protected areas and coastal resources through on-line information centers; (g) establishment of a local government on-line support center to share decentralized governance "best practices" and provide access to donor agencies, associations of regional governments and regional government directories; and (h) establishing a nation-wide Nutrition and Health Surveillance System for households with mothers and children under five years of age.

Under the new fiscal year 2004-2008 Strategic Plan for Indonesia, USAID will further integrate ICT solutions into all assistance programs, to be coordinated under a DFI Plan that is currently in preparation. In addition to a special focus on ICT services and access, especially for the underserved, we will pursue specific ICT applications in our new basic education program, health and emergency relief services (including a proposed joint emergency information system with Microsoft and the Indonesia Red Cross), and local government service provision programs.

NORTH KOREA

Question. Given the extremely closed nature of North Korea, can any programs be conducted inside that country to promote democracy and human rights?

Answer. North Korea remains the most closed and isolated country in the world. The regime controls the people and ensures its survival by brutally restricting the flow of all information and ideas. In such an environment, it is virtually impossible to conduct any programs inside the country that overtly promote democracy and human rights.

Question. What programs can be supported among North Korean refugees to create an organized opposition to the thugs in Pyongyang?

Answer. The United States is not pursuing regime change in North Korea; support for programs meant to create an organized opposition to the regime in Pyongyang would not be consistent with that policy.

WEST AFRICA

Question. Do you agree that drug addicted, demobilized rebels in Sierra Leone and Liberia pose an immediate threat to the resumption of hostilities in the region—and easy recruits for terrorist organizations?

Answer. Based on extensive discussions in Sierra Leone with NGOs, youth groups, women's groups, traditional leaders, communities and peacekeepers, drug addiction among ex-combatants has not been found to be a serious problem.

In Liberia, however, the situation is different and drug abuse is thought to be a significant issue among (ex-)combatants. Despite these problems, they are not seen as a threat to the disarmament, demobilization and reintegration (DDR) process.

Question. What programs does USAID sponsor to ensure that these addicts are treated for their addictions?

Answer. USAID is well aware of the drug problems in Liberia and intends to use International Disaster and Famine Assistance funds to support activities that ad-

dress the issue. The current Annual Program Statement (APS) "Achieve Peace and Security through Community Revitalization and Reintegration" (APSCRR) clearly states that, "USAID is interested in funding suitable drug treatment programs under this APS."

We are currently reviewing proposals in this area submitted in response to the APSCRR APS and plan to support activities that would begin in the next few months. Activities will focus on both drug awareness programs and the treatment of drug addiction through support groups and substance abuse treatment facilities, which would be linked with ongoing reintegration/employment programs.

SOUTH AMERICA

Question. Does USAID have lessons-learned from efforts to counter drug cultivation in Central and South America that may be applicable to on going counter-narcotics efforts in Afghanistan?

Answer. Three lessons from counter-drug programs in Central and South America are important for counter-narcotics activities in Afghanistan and other areas.

- Drug production typically takes place in areas where there is no state presence. Expansion of state presence throughout the entire national territory is therefore critically important. Military and/or police forces must be able to arrest criminals and control illegal activities that take place anywhere in the country. The National Government must also provide, or support effective local governments that provide, essential government services such as access to justice, education, health, economic and social infrastructure, and other services that earn the trust, confidence and support of local people.
- Local support for counter-narcotics programs is essential for success. This support is gained through alternative development assistance which increases legal employment and incomes as well as through local government or community development programs that provide local infrastructure and improved local governments in exchange for community support to eradicate drug crops.
- If society views narco-trafficking as a foreign problem only, people will not support the actions needed to root it out. Communication programs are essential to teach and inform people at all economic levels about the dangers of drug production and narco-trafficking. People need information about how narco-trafficking affects their health, communities, the environment, families, and the economy. They also need to see examples of how narco-trafficking negatively impacts justice systems, institutions and democracy.

PAKISTAN

Question. Can you comment on the impact of U.S. assistance in Pakistan to counter the hateful ideology of madrassas and other extremists?

Answer. The primary objective of USAID/Pakistan's education sector is to provide the knowledge, training and infrastructure to support the Government of Pakistan's educational reform program. USAID assistance emphasizes high quality education programs for boys and girls throughout Pakistan, including public and private schools and registered madrassas wishing to avail themselves of the assistance. Two pilot programs in early childhood education and adult literacy are proving highly successful in changing the approaches of teachers, parents and administrators and making public schools more effective and attractive to students and their parents. The Government of Pakistan is interested in expanding these programs nationwide.

The "Whole District Initiative" provides materials and training to upgrade all schools wishing to participate in the initiative in four districts each in Balochistan and Sindh—two badly neglected areas of the country. These are demonstration projects, with the goal of replication in all districts of the country by Government with USAID and other donor support.

The USAID Teacher Education project provides the opportunity for selected Pakistani educators to study in the United States and gain first hand knowledge of the American culture and values as well as academic training to become better teachers and managers of educational services.

USAID is exploring expansion of school feeding programs currently funded by USDA in one district.

In June a project will begin to rehabilitate and refurbish 130 shelterless schools across all the seven agencies in the Federally Administered Tribal Areas (FATA). Schools, water and health facilities are the priorities of these communities.

Collectively, these measures may serve to undercut some of the appeal of Madrassa education in its more extreme forms. However, USAID programs cannot directly take on the problem of the Madrassas that foster or support terrorism. That responsibility must be assumed by the Pakistan Government.

Question. How do you envision the democratic development of Pakistan, and what programs are supported by USAID to advance democracy in Pakistan?

Answer. Recent developments indicate a positive trend towards democratic development of Pakistan. In 2002, Pakistan returned to democratic rule with elections of the national and provincial legislatures, with more than 70 percent of members being elected for the first time to parliament. This has created an opportunity to train these parliamentarians in the necessary skills to improve legislative governance, especially to be responsive to the needs of citizens. Pakistan has also opened up its electronic media to private sector ownership in the first time in its history. Now citizens have access to alternative choices and increased accountability in the media. Also, Pakistan is currently in the process of shifting political, administrative and fiscal responsibilities from central to local levels of government through a comprehensive devolution program.

USAID built its governance interventions to capitalize on these developments through a three-year, \$38 million program to help build a more participatory, representative and accountable democracy. It is designed to actively involve civil society, the key actors in eliciting democratic change in Pakistan, by (1) improving the capacity of legislators at national and provincial levels to effectively perform their legislative duties and better address the needs of citizens; (2) actively engaging civil society groups, media and political parties to address pressing social and economic issues; and (3) stimulating local governments to work with citizens to solve social and economic problems at the community level.

1. Improving the capacity of national and provincial legislatures to respond effectively to the needs of citizens

Program activities include:

- Providing technical assistance and training in drafting specific legislation, such as conducting background research and drafting policy papers;
- Assisting legislators and staff to improve legislative procedures and processes such as functioning of committees; and
- Support public forums where interest groups will discuss current legislative agenda topics, from passing a budget to reforming laws affecting women.

2. Civil society, media and political parties actively engaged in addressing key economic and social issues facing Pakistani society

Examples of activities are to:

- Improve the financial and operational sustainability of NGOs, such as introducing efficient auditing software programs;
- Develop the capacity of new, private radio stations to improve their programming content, including professional quality weekly news programs on women's issues;
- Train journalists to improve the quality of reporting through new university curriculum; and
- Strengthen political party processes and structures, such as improving intra-party communication and development of party membership lists.

3. Local governments working with citizens to solve social and economic problems at the community level

Projects which are demonstrating to citizens that their local governments are part of positive solution include:

- Small water systems for potable water and irrigation;
- Ambulance services and improved health clinic equipment; and
- Sanitation facilities such as latrines so that parents allow their children, especially girls, to stay in school.

Question. How will the fiscal year 2005 request for Pakistan—particularly \$300 million in economic aid—combat terrorism in that country?

Answer. The U.S. program in Pakistan has counterterrorism as its priority strategic goal. All programs are designed to support the government of Pakistan to achieve their goal of becoming a modern, moderate Islamic state. U.S. assistance programs are varied but targeted to address critical barriers to achieving the social and economic prosperity which is essential to fight terrorism.

Poverty and illiteracy are Pakistan's overriding limiting factors to becoming a modern state capable of offering alternatives to its citizens, and also to participating in the global economy. Without economic options and basic social services, the poor are easy prey for religious extremists.

Economic aid for Pakistan addresses the need for a growing economy that can reduce poverty through increasing literacy, improving basic health services and expanding employment opportunities for the poor, especially youth and women. Education programs will strengthen the central and local governments in their ability

to offer viable alternatives to religious schools. USG support ranges from sustainable investments such as updating education policy and teacher training to more immediate, practical investments in school infrastructure and teaching materials. Expanding access to basic health services is another targeted program which will help poor Pakistanis take advantage of economic opportunities. Through micro-finance and small business loans, entrepreneurs will not only increase their own standards of living but also offer employment in their communities.

In addition to a strong economy, Pakistan needs a stable democracy to become a moderate Islamic state. This requires strong institutions, trained civil society and government leaders, and an open environment for raising awareness of issues such as human rights. U.S. economic assistance programs offer training for legislators in basic governance processes which will strengthen Pakistan's national and provincial institutions. These programs will also expose legislators and their staff to the workings of modern Muslim and non-Muslim governance systems in other countries. Civil society organizations will be supported to prioritize, articulate and communicate citizen concerns to government officials at all levels, such as women's issues, poverty, and education.

Other innovative assistance activities are being implemented in support of devolution. One program is helping local governments and communities work together for the first time to provide basic services, especially in health and education. Expanding this pilot program, which demonstrates transparency and accountability through direct experience, is a priority. It improves the quality of life for poor citizens and also reinforces the potential for a decentralized, grassroots democracy.

SYRIA/IRAN

Question. What programs can be conducted in both Syria and Iran to foster political and social reforms?

Answer. There are few options for fostering political and social reforms that can be conducted in both Syria and Iran with Foreign Operations funds for political or social reform. Sec. 507 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2004 (Division D, Public Law 108-199) prohibits both Syria and Iran from receiving any funds appropriated under this act.

However, Sec. 526 (Democracy Programs) instructs, "that notwithstanding any other provision of law, not to exceed \$1,500,000 of such funds may be used for making grants to educational, humanitarian and nongovernmental organizations and individuals inside Iran to support the advancement of democracy and human rights in Iran."

Per this section of the appropriation bill, the Department of State is actively exploring opportunities to promote democracy activities within Iran, in accordance with this fiscal year 2004 congressional authorization. The Bureau of Democracy, Human Rights and Labor recently solicited Iran proposals and hopes to be able to fund projects within Iran this fiscal year. These projects will support the Iranian people in their quest for freedom, democracy, and a more responsible, transparent, and accountable government that will take its rightful place as a respected member of the international community.

Lacking an authority that would similarly allow assistance for Syria, foreign assistance funds cannot be used to foster political and social reform in Syria.

The Bureau of Educational and Cultural Affairs (ECA) of the State Department is able to use its base funding in Syria and has developed a full range of exchange activities to reach out to Syrians, with a special emphasis on women and youth. The following exchange activities are currently underway with Syria. They directly and indirectly address social and political reform by focusing on themes or individuals with the capacity to foster new approaches in Syria:

- Twelve Syrian undergraduates are among the 71 youth from the Middle East and North Africa to receive scholarships to U.S. colleges and universities in 2004 under Partnerships for Learning Undergraduate Scholarships.
- The University of Oklahoma, funded through a grant from ECA, will conduct a series of exchanges with Syria focusing on water management and water conservation issues.
- Ohio University, in partnership with ECA, is planning a summer institute for teachers of English as a Foreign Language from a half dozen NEA countries, including Syria. We currently have three English Language Fellows in Syria and expect to continue at this level in 2004-05. English language programs convey U.S. values and encourage access to economic opportunity.
- Columbia University's Center for International Conflict Resolution is planning a one-year, multi-phased project to bring together Syrian and American civil society leaders.

- 10 Syrian high school students (out of 440 students from the region) will participate in the Partnership for Learning Youth Exchange Program and spend an academic year living with American families and studying in U.S. high schools.
- The Fulbright program in Syria has grown in the last three years into a vibrant program encompassing visiting scholars (partially funded by Syria), visiting students placed in top U.S. universities, American scholars, and students.
- The International Visitor exchange program with Syria has averaged about twenty participants a year. Projects have focused on journalism, energy, micro-credit, women, tourism, and the environment.
- Each year, two to five Syrians participate in the Humphrey Fellowships Program which provides mid-career professionals in public service a year of academic training and professional experience in the United States.

Regarding Iran, ECA has initiated educational exchanges through a grant to the Council of American Overseas Research Centers (CAORC). CAORC, working with the American Institute of Iranian Studies, has a very active exchange program focusing on Iranian studies. If it is the political will of the Department to further develop ties with Iran, ECA will be a full partner in implementing exchanges which promote mutual understanding and respect, as authorized by the Fulbright-Hays Act of 1961.

EGYPT/SAUDI ARABIA

Question. With respect to United States aid for Egypt, what should we be doing differently in that country to "drain the swamp" that foments extremism?

Answer. The U.S. Government promotes economic and political development through USAID programs that improve the lives and welfare of the Egyptian people. The program expands economic opportunities, improves education and health systems and provides for the expansion of basic infrastructure. In addition, U.S. assistance addresses critical issues in the area of democracy and governance.

The United States reviewed its democracy and governance programs during the year as part of a comprehensive assessment of its bilateral assistance to Egypt. Programs in 2003 and early 2004 focused particularly on justice sector reform; civil society with a special emphasis on gender equality; media independence and professionalism; and responsive local governance. These USAID-funded projects supported reform-minded individuals and progressive organizations that seek to modernize Egypt.

United States aid for Egypt can continue to identify and fund activities that foster inclusion, citizen participation and modernization. By strengthening civil society, promoting greater independence and professionalism in the media, and modernizing the judicial sector, USAID is creating a firm foundation for a flourishing democratic society. We have encouraged the Government of Egypt (GOE) to support new initiatives to conduct free and fair elections that include updated voter registration lists and multi-party platforms. We have worked with the GOE to strengthen a more independent and representative Parliament. In partnership with the U.S. Embassy, USAID continues to support progressive and reform minded individuals who have the vision and charisma to mobilize Egyptian citizens and policy makers towards more democratic policies.

Pursuant to the President's Middle East Partnership Initiative (MEPI), we are supporting programs that affect ordinary Egyptians directly. For example, we are supporting the National Council for Women in order to promote women's access to legal services throughout Egypt. We recognize that empowering women and promoting human rights is an effective way to combat terrorism and extremism because it allows citizens to better direct their frustration and exercise their rights. One non-traditional but creative way to use U.S. foreign assistance would be to foster peace and reconciliation programs in the region, thereby reducing violence and the incidence of extremism.

U.S. aid is also helping the GOE to create a globally competitive economy through policy reforms that will increase foreign and domestic investment, encourage export-oriented growth, improve workforce and business skills, and invest in information technology. These transformations will help bring about a more competitive economic environment within Egypt, allowing the country to reach higher levels in the global economy. Additionally, U.S. aid is providing assistance for educational reforms that empower teachers and parents at the local level. This support goes to training teachers to promote the vocational skills and critical thinking skills necessary to seek and hold jobs. When people are given an adequate education, are able to provide for their families with decent jobs and generally have more hope for a brighter future, they are able to make informed choices, leading to fewer tendencies to succumb to terrorist rhetoric.

Question. What impact would greater freedom of association in Egypt have in terms of releasing societal pressures that may give rise to extremism?

Answer. As noted in the 2003 Human Rights Report, the Government of Egypt (GOE) record on freedom of peaceful assembly and association remained poor. Both USAID and the United States Embassy in Egypt acknowledge that many serious problems remain. Through USAID-funded projects and diplomatic dialogue at both the senior and working levels, the USG encourages the GOE to create an enabling environment to foster greater freedom of speech and assembly.

This year, regardless of regular demonstrations that have anti-American sentiments, the United States Embassy strongly supported Egyptian citizens' rights to express openly and peacefully their views on a wide range of political and societal issues, including criticism of government policies and alliances. During the numerous unauthorized antiwar demonstrations, the U.S. Embassy reported on the large numbers of security personnel deployed to contain the demonstrators and followed the cases of those allegedly mistreated while in detention.

It should be noted that from experience in other countries, it is difficult to predict the impact of greater freedom of association and speech. On one hand, it is possible that in Egypt there could be, for the short-term, an increased number of demonstrations with anti-American undertones. Reform minded individuals and progressive groups seeking modernization and moderation could be discouraged in the short-term from publishing their views in the media by pressures from fundamentalist voices. Civil society organizations, already restricted by the 2002 Law 84 that grants the Minister of Insurance and Social Affairs the authority to dissolve NGOs by decree, could be temporarily stifled, paralyzed from espousing any progressive or reform oriented platforms.

On the other hand, the USG believes that freedom of association is defined too narrowly in the Egyptian context and needs to be broadened to include non-governmental organizations, the press, students, and professional associations. By increasing freedom of speech and association, this may encourage more reformist voices to participate and widen the space for political discourse. Through continuous dialogue in diplomatic channels and numerous USAID-funded programs, we encourage the GOE to encourage greater freedom of association and speech in the belief that this releases societal pressures and reduces the incidence of extremism.

QUESTION SUBMITTED BY SENATOR MIKE DEWINE

HAITI

Question. You are familiar with my bill, S. 2261, the Haiti Economic Recovery Opportunity Act of 2004. As you know, the bill is not a substitute for increased U.S. assistance, but rather a compliment. In a 2003 study, USAID concluded that the old version of the bill would have a dramatic impact on employment in Haiti, and the new bill goes even further in helping to "grow jobs." Secretary Powell voiced his support of the bill while in Haiti, and again before this sub-committee. Do you support the bill?

Answer. I, along with Secretary Powell, support the Haiti Economic Recovery Opportunity Act of 2004. It is very important to help improve the economy of Haiti, the poorest country in the Western Hemisphere. This bill complements USAID's economic growth activities in Haiti.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

HUMANITARIAN ASSISTANCE

Question. Mr. Natsios, there is nothing more basic to U.S. foreign aid than our humanitarian and development assistance programs. It is what the American people think of first, when they think of foreign aid.

The President's has talked a lot about his commitment to combating world poverty. But, his fiscal year 2005 budget would make cuts in several key anti-poverty programs, including a \$99 million cut in funding for international health programs and a \$48 million cut in Development Assistance.

I am sure this was an OMB decision and that you don't support these cuts. What effect will these cuts have, and how do you explain them given how hard we often have to work just to scrape together a million dollars here or there to keep good projects from shutting down?

The Secretary of State has said that this budget represents a quote "commitment to humanitarian assistance." Given these—and other—cuts, is that how it looks to you?

Answer. As we all know, the United States is on a war-time footing and faces major budget challenges to meet the requirements of both homeland security and U.S. military defense needs overseas. But at the same time, foreign assistance is becoming a higher priority than it has been in many years, as evidenced by the President's additional funding requests for the Global HIV/AIDS Initiative (GHAI) and the Millennium Challenge Account (MCA).

As I noted earlier in this hearing, the overall budget that USAID is currently managing also is much larger than it has been in many years. This increase is attributable to massive assistance efforts in Iraq and Afghanistan on top of maintenance of USAID's current portfolio. While there has been a slight decrease in USAID's traditional development accounts, we are already receiving some funds from the GHAI account, and additional transfers are likely. It is also anticipated that some USAID programs in countries that do not qualify for MCA programs (the threshold countries I mentioned in my opening remarks) may receive some MCA assistance to help them qualify later on. USAID will likely manage these programs, using MCA funds. USAID is very much on the front lines of major efforts to continue to assist those countries most in need, and I certainly agree with the Secretary's view that this budget reflects the Administration's commitment to maintain humanitarian assistance.

EDUCATION

Question. Mr. Natsios, the President announced a new education initiative for Indonesia, a Muslim country where millions of students are enrolled in Islamic schools similar to the madrassas in Pakistan. This initiative calls for some \$150 million over five years, or about \$30 million per year. That, I am told, is enough to reach maybe 10 percent of the students. In other words, we will be barely scratching the surface.

If we are serious about this—and I support it—shouldn't we be spending amounts that will reach enough students to produce a real impact? And shouldn't we be doing the same thing in other predominantly Muslim countries?

Answer. It is true that, in our program planning, USAID/Indonesia has estimated that activities funded under the \$157 million, six year Indonesia Basic Education Initiative will improve the quality of education and learning for approximately four million students, or ten percent of the enrolled student population in our target group. The target population encompasses grades 1 to 9, or Indonesian primary school and junior secondary school. At the time the concept paper for the new education initiative was developed, USAID/Indonesia had proposed a \$250 million, five year program. Clearly, additional resources would allow us to directly assist additional Indonesian students and teachers.

We are, however, designing our education activities with an eye to replication at the local level, using Indonesian local government and central government resources. We are also working closely with a number of other international donors to agree on a more standardized "package" of basic education approaches that can be extended to additional districts and students using other donor funding. In addition, we plan to work with a large number of Indonesian and international companies that have expressed an interest in supporting educational development, on a significant "Indonesian Education Public-Private Alliance." Finally, we are working with the United States-Indonesia Society (USINDO) and the Indonesian Embassy in Washington to identify other potential partnerships.

Through these innovative program approaches we seek to maximize the impact of the Indonesia Basic Education Initiative funded by the U.S. Government.

RECONCILIATION AND UNIVERSITY PROGRAMS

Question. Mr. Natsios, I want to commend USAID for the way it is responding to our concerns about the need for a designated pot of money, with a designated person to manage it, to fund reconciliation programs and university programs. Both are strongly supported up here, and we need to be sure that universities and organizations that submit unsolicited proposals will not get lost in the bureaucracy down there.

On the reconciliation programs, although most organizations that we know of are working in the Middle East—like the Arava Institute for Environment Studies—this is intended to be a worldwide program. We want to encourage organizations in places like Cote D'Ivoire, Colombia, and other conflict areas to participate, not only in the Middle East. And ideally, we would like to see a request in the President's

fiscal year 2006 budget for these activities. So I appreciate your support and would welcome your thoughts on this.

Answer. USAID's Office of Conflict Management and Mitigation (CMM) has been working closely with the State Department to develop a transparent, competitive process for the allocation of \$8 million in the fiscal year 2004 Economic Support Fund earmarked for reconciliation programs. Several weeks ago both State and CMM staff briefed Congressional staff on progress in that regard.

We intend to focus on critical countries representing all the regions of the world where we believe the provision of additional funds will have an impact. Country selection is based on a number of factors including a desire to assist reconciliation efforts among actors in countries currently experiencing conflict as well as those emerging from conflict. Proposals will be reviewed jointly by State and USAID on a competitive basis and judged against conflict criteria guidelines previously established by CMM.

USAID STAFF

Question. Mr. Natsios, in my opinion, USAID does not have nearly enough staff, particularly in your field missions, to manage the number of contracts and grants you should be funding. Because of the shortage of staff, the trend has been in favor of big Washington contractors, which are not always the best qualified for the job. But they are the only ones capable of navigating the regulations for applying for contracts, which have become so burdensome and expensive that smaller contractors and NGOs can't compete. This is wrong, it has gone on for too long, and it has repercussions for everything USAID is trying to do.

How many staff have you lost since the mid 1990s, and how can we do the job that needs to be done if you don't have the people to do it? Are you requesting the budget you need to support the staff you need?

What are you doing to make it easier for smaller NGOs and contractors to compete?

Answer. In 1990, USAID had 3,262 U.S. direct hire staff (USDH). We now have just under 2,000. Many believe that we compensated for the loss of staff in the 1996 reduction in force (RIF) by hiring U.S. personal services contractors (USPSCs) and Foreign Service Nationals (FSNs). This is not accurate. FSN staff declined from 5,200 to 4,725 from 1996 to 2002, while USPSC staff increased slightly from 591 to 628 in the same period.

In fiscal year 2004, to begin recouping the loss of staff during the 1990's, the Administration requested Congressional support for the USAID Development Readiness Initiative. Built on the same concept as the Secretary's Diplomatic Readiness Initiative for the Department of State, USAID is seeking to increase its baseline staff from 2,000 USDH to approximately 2,500 over a four year period. In fiscal year 2004, USAID received adequate funding to hire approximately 50 additional people above attrition. This will allow us to fill long standing field vacancies, allow more in-service training and respond to new program requirements such as the President's AIDS initiative and new programs in Iraq, Afghanistan, and Sudan.

In 1995, prior to the RIF, USAID moved less than half the dollars we obligated last year with over 170 people in the Office of Procurement. Today we have 123 people to handle the funding increases associated with Iraq, Afghanistan, and now HIV/AIDS. In order to handle this workload while we rebuild our staff, we have been forced to award larger contracts and grants. We have also set the funding levels very high on our Indefinite Quantity Contracts (IQC) to allow for more flexibility. Without appropriate staffing to administer the contracts, the Agency is concerned about proper oversight of the awarded contracts. USAID consequently needs the planned increase in procurement staff to adequately handle the funding increases associated with Administration priorities.

At the same time, USAID is attempting to meet the President's directive against bundling contracts and the increased subcontracting goals from the Small Business Administration. USAID has expanded its use of small business set-asides for IQC contracts and expanded its evaluation criteria to emphasize the importance of subcontracting requirements. For example, under USAID's Iraq Phase II Infrastructure award, the solicitation document included an incentive fee for firms that propose subcontracting opportunities with small businesses beyond the Coalition Provisional Authority (CPA) minimum goal of 10 percent. In addition, USAID proposed an incentive award payment of \$1 million to any prime contractor exceeding 12 percent of all subcontracted dollars to small, disadvantaged, woman-owned or disabled veteran-owned businesses. This incentive for prime companies to incorporate small business into their sub-contracting plans is a first for USAID. While not the typical set-aside procedure found in private sector practices, we feel this is a major step

toward encouraging prime contractors to engage U.S. small businesses at a broader and more profitable tier, while providing essential exposure to greater opportunities.

USAID's Office of Small and Disadvantaged Business Utilization (OSDBU) has also pioneered efforts to reach the small business community. In the fall of 2003, a Procurement Forecast was published to assist small businesses with anticipating Agency contracting opportunities for up to one year in advance. OSDBU also has a publication, "Creating Opportunities for Small Business," available in booklet and "mini-CD," which provides both an overview of doing business and hyperlinks to useful sites both within USAID and throughout government. OSDBU also hosts small, monthly sessions where small businesses can meet with and learn about upcoming business opportunities from a broad range of the Agency's skilled technical officers.

COLOMBIA

Question. Mr. Natsios, in your prepared testimony, you mention Colombia, and that the, quote, "only effective strategy is to literally clear the ground for the licit crops that will feed the nation while aggressively pursuing eradication of the others." Unquote.

We are spending hundreds of millions of dollars each year to spray herbicide to destroy the coca. But the amount we are spending to help communities in these areas with alternative sources of income is woefully inadequate. The work USAID is doing is excellent, but it barely scratches the surface. Isn't this strategy doomed to fail, if we don't provide the resources to give people the means to survive without growing coca?

Answer. Thank you for recognizing USAID's efforts. Colombia's problems are extremely complex and require a combination of "hard" and "soft" assistance. Military and police assistance is crucial because insecurity, lawlessness, and lack of state presence are at the heart of Colombia's problems. Military and police assistance create a positive security environment that is necessary for effective implementation of "soft" assistance like economic development, institutional reform, anticorruption, human rights, access to justice and humanitarian relief, trade, and private sector support to increase legal employment and incomes. But a program composed of only "hard" assistance cannot succeed. USAID's "soft" assistance programs are essential complements to the military and police assistance programs, and are needed to make gains from the "hard" activities permanent. "Soft" developmental programs leave behind legal production systems and improved institutions at all levels which earn the trust and confidence of citizens and show them that they can work together to solve problems. Perhaps most importantly, soft side activities demonstrate that there is a legal way to survive and that citizens do not have to be part of a criminal organization that brings violence and insecurity into their communities and into their homes.

POPULATION GROWTH

Question. Mr. Natsios, about 95 percent of world population growth is now occurring in the developing world. It is one of the defining characteristics of underdevelopment, and a key cause of political instability and economic stagnation in many countries. Shouldn't we be spending more on international family planning to slow population growth so that these underdeveloped economies have a chance to grow?

Answer. In each year of the Bush Administration, the Agency has requested \$425 million for population and reproductive health. The request level is \$40 million higher than the appropriated levels in each of the preceding five years, which ranged from \$356 to \$385 million.

USAID has also taken steps to be more strategic in allocating funding across countries. Beginning this year, population and reproductive health funds from the Child Survival and Health Account have been allocated according to criteria that emphasize need, taking into account population size and density, fertility, and indications of unmet need for family planning. By directing resources to countries with greater need—principally countries in Africa, Near East and South Asia—our funds can go further and have greater impact.

As I stated in my remarks before the Senate Foreign Operations Subcommittee in April, the combination of a high concentration of young people, especially young men, with high rates of unemployment creates the conditions that foster political instability. USAID assistance for improving health, including family planning, combined with interventions that expand economic opportunity can help alleviate these conditions and bring greater stability to the developing world.

COORDINATION OF FOREIGN ASSISTANCE

Question. Mr. Natsios, in your opening statement, you mentioned that “development” has been elevated as a third part of the President’s national security strategy. I agree that development is important, but as the old saying goes, actions speak louder than words. I am concerned that the Administration’s policies have undermined the ability to effectively coordinate foreign assistance by creating all sorts of new entities and initiatives. Let me give you some examples:

- The Millennium Challenge Account, a new independent agency, will eventually provide \$15 billion in foreign aid.
- The Coalition Provisional Authority, a Defense Department entity, is administering, as you point out in your statement, the largest foreign assistance program since the Marshall Plan.
- A new AIDS Coordinator, whose physical offices are not even located within either the State Department or USAID, will be in charge of \$15 billion.

These are just the ones that I can remember.

Has the proliferation of new entities and initiatives—all of varying autonomy and reporting to different agencies—undermined our ability to effectively coordinate foreign aid programs?

Answer. With the greater understanding of the importance of development, as well as the increase in resources being devoted to development, it is not surprising that there are more actors involved in foreign aid today than there have been in the past. We are living in a more complex era and face a much broader range of challenges than we have in earlier years. We are very closely involved, either as implementers or in other capacities, of all the new foreign aid initiatives you cite, and believe USAID has a valuable role to play in helping to coordinate these initiatives.

USAID has developed a very close working relationship with the entities you mention, and looks forward to coordinating efforts with various implementing partners. In the case of the Millennium Challenge Corporation, as a Board Member I will be directly involved in overseeing its operations. USAID is currently working closely with the MCC staff to develop a strong institutional linkage both in the United States and in the field.

SECURITY IN IRAQ

Question. Mr. Natsios, when Congress was debating the Iraq supplemental last October, Ambassador Bremer stated that reconstruction efforts directly affect the safety of our troops. News reports indicate that the latest violence in Iraq has seriously hampered reconstruction efforts. Perhaps the best evidence of this is that only ½ of the funds from the Iraq supplemental, passed 6 months ago, has been obligated and I suspect that far less than that has been actually expended. How seriously is the violence in Iraq impeding reconstruction efforts? Is this slow down in the reconstruction threatening the safety of our troops, as Ambassador Bremer suggested last fall?

As we all know, USAID, as well as the Defense Department, relies heavily on contractors and NGOs to implement many of its programs. We all saw the tragic events in Falluja where American contractors were brutally murdered, leading to the standoff in that town. Isn’t a major part of the problem in Iraq that the CPA cannot provide security for many contractors there? What is being done to improve the ability of contractors and NGOs to operate in Iraq?

Answer. USAID has strict security guidelines for its staff and technical experts, and these guidelines have served us well. USAID’s security officers coordinate daily with the security advisors of all of its implementing partners to ensure everyone has the most up-to-date information on the security environment to inform program decisions.

Our work in Iraq has not stopped, despite the recent violence in some areas of Iraq. Where it is safe, our expatriates are on the job, and in almost every area, our Iraqi assistance staff is still working with their counterparts. Where the situation is unsafe, we have temporarily relocated some of our expatriate staff.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

TERRORISM

Question. Many have argued that especially since September 11, USAID needs to ensure that development assistance activities more directly complement the global war on terrorism. Through a variety of activities—basic education, health care, agriculture, expanding opportunities for women, job creation, micro-enterprise, pro-

moting the rule of law—the United States can help counter conditions that give rise to terrorism. These programs and others like them have been core USAID priorities for many years, long before the terrorist attacks in the United States.

- Given the requirement to augment American efforts to combat the threat of terrorism, what changes have you made in designing and implementing these activities so that they are more effective in the fight against terrorism?
- Is this a matter of simply spending more money on these critical activities, or should the programs themselves be re-tooled and re-focused in order to achieve the intended results?
- What indicators will you most closely monitor in order to assess the impact of development assistance and its contribution to combating terrorism?

Answer. The War on Terrorism has sharpened the focus of our development assistance programs. In addition to addressing the social and economic needs of countries which combat terrorism in the long term, USAID is also working with other U.S. government agencies to target our assistance on specific short-term programs in three areas: denying terrorist access to new recruits, funds, and sanctuary.

To counter terrorist recruiting we are doing three things. First, in communities that have radical Islamic schools, we are supporting secular and moderate madrassas that provide an attractive alternative to radical schools. Second, we follow up with skills training for youth that gives them an opportunity for employment and a viable alternative to going to the terrorist training camps. Third, we couple this training with small enterprise development programs to provide employment and allow youth to make a legitimate contribution to their communities.

USAID also supports programs aimed at denying terrorists resources, primarily from money laundering activities. To shut down this illegal flow of funds, USAID has provided hardware and technical assistance to the Financial Intelligence Units (FIU) of Central Banks in key financial hubs to prevent suspicious transactions that lead to money laundering operations. We have approved support to the Palestinian Monetary Authority to help set up their FIU with the intent of stopping the flow of illegal funds into the West Bank/Gaza region. We have supported similar programs in Indonesia and the Philippines. In conjunction with the support of the FIU we have enhanced our technical support for bank supervisors to focus on these same crimes.

A third area of programs aims at denying sanctuary to terrorist training operations. USAID is working to strengthen weak governmental structures that might be prime targets for terrorists, as in Afghanistan where we have focused our assistance through the interim government to establish a stable national government. People need to have confidence that the government will provide the public services needed to recover, such as schools where children will not be subject to terrorist indoctrination and refugee resettlement and repatriation programs that will not be breeding ground for terrorists. To counter their attempts to use Muslim communities with weak governmental institutions as training camps, we target these communities for institutional reform programs for both government and NGOs.

To monitor the impact of our counter-terrorism and development programs, we will use our normal performance indicators with specific additions tailored to counter-terrorism objectives. For instance, we will pay particular attention to high risk areas, such as closely monitoring the number of new students in secular or legitimate madrassas. We will also monitor attendance in skills training programs and the increase in employment in vulnerable sections of critical countries. In financial institutions, we will monitor the number of suspicious transactions investigated by the FIUs. We are also closely tracking the number of countries that implement counter terrorism laws and anti-money laundering laws. These and other indicators will provide a clear signal on the effectiveness of these counter terrorism programs.

Question. Substantial sums of foreign aid resources are being directed at the so-called “front-line” states in the war on terrorism. With the exception of HIV/AIDS resources (which I support), funding for most other development aid activities in USAID’s fiscal year 2005 budget proposal is either flat or reduced when compared with fiscal year 2004 budget levels.

- Are you concerned that development priorities in countries not directly related to counter-terrorism goals are being short-changed?
- Some argue that unless a country is a strategic partner in the war on terrorism or has a severe health crisis, the fiscal year 2005 foreign aid budget neglects them, even if assistance might meet other important U.S. foreign aid objectives. How do you respond to this criticism?

Answer. What does an anti-terrorism program look like in a developing country? In addressing the root causes of terrorism, it would focus on developing respect for rule of law, through transparent and non corrupt practices; cutting off funding sources for terrorists by criminalizing money-laundering and prosecuting the offend-

ers; providing options for legitimate ways for citizens to earn a living without fear of extortion; expanding education opportunities to reach the most disenfranchised groups to build hope for their own development; and building democracy and accountability within all elements of society. Not coincidentally, such programs also reflect the focus of USAID's development goals.

Since its inception, USAID has been at the forefront of implementing programs that address the root causes of terrorism. While funding since September 11, 2001, has become more targeted with regard to correlating our programs with counter-terrorism programs, the nature of our work has not changed dramatically. Terrorist groups prey on the poor and weak countries as training grounds for their operations in other countries. USAID has both experience and expertise in developing effective programs to improve livelihoods of citizens in poor and weak countries, thereby eliminating the underlying conditions terrorist look to exploit. In this way, the goals of counter-terrorism and the goals of USAID are closely aligned and reinforce our national security goals.

With the reality of funding constraints, allocation decisions are always a challenge. Thanks to the heightened emphasis the present Administration has placed on development as the third pillar of foreign policy, USAID has been able to expand its programs into countries of strategic importance to U.S. foreign policy. This expansion has come in addition to, rather than in replacement of, on-going programs in other needy countries.

Question. In terms of the terrorist attacks that we have seen in recent months, the connection between failed states and the roots of terrorism appears to be more indirect than we used to believe. Instead of operatives coming out of places like Sudan and Afghanistan, for example, we seem to be witnessing the emergence of local terrorist organizations in states like Turkey and Spain taking up the goals or ideology of Al Qaeda.

- How do you use foreign aid to fight an ideology that emerges in a relatively wealthy state?
- With this emerging successor generation of Al Qaeda-associated operatives, from the perspective of counterterrorism, are we missing the point in directing our resources toward so-called front-line states? Where exactly is the “front line”?

Answer. The terrorist groups are primarily using poor and weak countries as training grounds for operations in other countries. Current terrorist groups have been able to link radical Islamic rhetoric with retribution for alleged grievances as a justification for violence. To win the “war of ideas” this linkage has to be broken and replaced with confidence in the law as a means to resolve grievances. USAID uses foreign aid to work on two fronts to achieve this objective. First, our Muslim Outreach and other democracy programs reinforce the principles of religious freedom and democratic governance, whether in “relatively wealthy” or poor states. Secondly, we continue to encourage weak states to build stronger and more responsive institutions on the foundation of the rule-of-law. As one example, in response to terrorists’ use of legitimate charities for funds, we are working to develop and pass anti-money laundering laws, detection by bank examiners, and the prosecution for these financial crimes through the courts. In addition, there are numerous other USG agencies with active counter-terrorism programs working in countries, particularly in the Middle East, where USAID does not have a presence.

Front line countries are those countries easily exploited by terrorists, either for operational bases or for laundering money. The new generation of terrorists, regardless of where they come from, will continue to look for bases of operations, communication, and for financing. It is in these front line countries where we have the best chance of defeating terrorism.

Question. What specifically would you say has been the effect of the war in Iraq on the roots of terrorism in the Middle East?

In what demonstrable way is foreign aid to Iraq reducing the terrorist threat against the United States and its allies?

Answer. The UNDP’s “2003 Arab Human Development” Report identified lack of education and economic opportunities and a generally repressive environment as causes of the sense of hopelessness that leads to terrorism. The war in Iraq has overthrown an oppressive regime, enabling for the first time in decades citizens to have a greater voice in public dialogue, and participate more freely in political processes. Schools have been rehabilitated, allowing more children, especially girls, to return to school. In addition, over 30,000 teachers have been trained in new teaching methods that enhance tolerance and respect for diversity in the classroom. Tens of thousands of jobs have been created for Iraqis, and extensive progress has been made in strengthening local government and the delivery of essential services to the local level.

Lack of educational and economic opportunities and a generally repressive environment are major causes of the sense of hopelessness and disenfranchisement that leads to terrorism. Ill-educated, unemployed youth are a major demographic group in the Middle East and they provide a fertile field for terror groups. The solution is to provide the guidance and resources necessary to develop an educational system that gives a graduate the appropriate skills (including computer training) to be gainfully employed. Assistance to small and micro enterprises, including micro-credit, is crucial as small businesses provide a key opportunity for employment. A business-friendly policy environment must be developed to encourage foreign investment and expedite the development of local industries. In addition, democratic practices need to be supported, providing citizens with the opportunity to hold government officials accountable and to participate directly in the decision-making processes that affect their daily lives. All these are development activities that must be provided in order to reduce the growing terrorist threat.

Question. If terrorists are increasingly using advanced technologies like the Internet to do such things as coordinate operations, find information about weapons of mass destruction, and recruit members, how are we ensuring that we provide foreign aid in such a way that we avoid enabling members of terrorist organizations to be more effective?

Answer. Modern technology allows terrorists to plan and operate worldwide from the shadows. The Bali bombing was planned in Malaysia, and the explosives were purchased in the Philippines with funds siphoned off Islamic charities in the Middle East. This was all handled through the internet. Today's terrorists are smart, technologically sophisticated, and linked worldwide.

To beat these terrorists we must be smarter, more computer wise and better linked than they are. We must use technology to close-off their operating space, to push them out of the shadows. We are doing this by sharing data among nations, by equipping our partners with IT equipment that works together, and being on top of information that can lead to terrorist plots. As one example, USAID is currently working with Central Banks in several countries to spot money laundering activities, by providing the computer equipment so Bank Financial Intelligent Units can process suspicious transaction reports quickly, identify who is conducting financial crimes, and build the body of evidence necessary for conviction.

Terrorist are quick to convey information from one country to another through modern communications. The law enforcement community is getting even better and faster at communicating information, using detection techniques, and connecting terrorist data bases. USAID is working with the newly established, Terrorist Threat Integration Center, which acts as a hub for information provided by all sources on terrorist activities, known or suspected terrorist individuals or organizations, and other related data—even the most remote data. This allows all the different organizations to have instant, on-line access to the most recent information on the terrorist activities.

MICROENTERPRISE

Question. USAID has been a global leader in the area of microenterprise, but we need to coordinate our efforts with other major players—particularly the World Bank and the United Nations Development Program (UNDP). The Microenterprise for Self Reliance Act of 2000 directs the administrator of USAID to “seek to support and strengthen the effectiveness of microfinance activities in the United Nations agencies, such as the UNDP, which have provided key leadership in developing the microenterprise sector.”

—What steps have you taken to strengthen the effectiveness of microfinance activities in the UNDP?

Answer. USAID and UNDP are both active members of the Consultative Group to Assist the Poor (CGAP), the 28-donor coordinating body for microfinance. USAID financial and technical support has strengthened donors including UNDP in a number of ways. Over the past 18 months, for example, CGAP has coordinated a “peer review” process to increase aid effectiveness in microfinance. Seventeen donors, including USAID and UNDP, have been assessed through this process. In each case, the peer review team has identified very specific areas for improvement and has proposed steps to strengthen the strategic clarity, staffing, instruments, knowledge management, and accountability of the microfinance activities of the agency being reviewed. The findings have been shared with other donors. UNDP has taken a number of concrete steps to respond to the findings, and Mark Malloch Brown, Administrator of UNDP, provides leadership to the microfinance peer review initiative.

USAID has also worked with other CGAP members to develop stronger donor practices, including the recent drafting of core principles for microfinance that we

expect to be endorsed by all CGAP members. At the last annual meeting, the CGAP member donors endorsed new requirements for membership, including comprehensive reporting of microfinance activities and results. We have also used CGAP to collaborate on developing new tools for microfinance donors, such as common performance measures. USAID, UNDP and CGAP took the lead in developing specialized microfinance training for donor staff, and many staff from UNDP and other donors have benefited from the week-long course.

USAID also takes responsibility for developing knowledge and "how-to" materials in specific areas, such as post-conflict microfinance and rural and agricultural finance. We invite participation from other donors in this work. Next month, for example, we will convene a donor forum on recent innovations in rural finance and their implications for the donor community. UNDP will, of course, be invited to participate. Finally, in the field USAID is often involved with UNDP in in-country donor coordination efforts in the microfinance arena.

Question. I am concerned that the UNDP has not joined USAID's efforts (required by Public Law 108-31) to develop cost-effective poverty-assessment tools to identify the very poor—those with an annual income 50 percent or more below the poverty line as established by the government of their country—and to ensure that substantial microenterprise resources are directed to them.

—Will you work with Congress to encourage UNDP to expand its microenterprise efforts for the very poor and to use the poverty measurement methods that USAID is developing so that we can be sure that these funds are reaching the people who need them the most?

—What specific efforts do you believe will be effective in convincing UNDP representatives of the importance of targeting to the very poor?

Answer. USAID has invited the Consultative Group to Assist the Poor's (CGAP) technical and financial collaboration in developing the poverty assessment tools, as a means to ensure that the broader donor community is aware of and involved in this important work. An ambitious work plan is underway to have the tools designed, field-tested and ready for implementation by USAID in October 2005. Over the coming year, we will be testing preliminary tools in the field with diverse partners. This should begin to provide evidence of the value and practicality of the USAID tools for other donors. We would welcome closer involvement of UNDP and other donors in this work, through CGAP or directly. We expect that the tools will prove sufficiently valuable and cost-effective to suggest ways for donors and practitioners to better serve very poor clients.

BASIC EDUCATION FUNDING

Question. Mr. Natsios, last December, 18 Senators and 63 Members of the House wrote to the President urging him to use the G-8 Summit this June as a venue to launch a significant U.S. initiative on basic education and galvanize the world community to achieve the goal of education for all by 2015. Basic education is important to our strategic and developmental interests around the world. Our National Security Strategy recognizes the link between poor education and reduced security. Unfortunately, the Administration's budget request would cut basic education support by \$26 million under Development Assistance.

—Can you explain the proposed funding cut for basic education in light of our strategic objectives?

Answer. Education is a priority issue for this administration; it is an important long-term investment in sustaining democracies, improving health, increasing per capita income and conserving the environment. Economic growth in developing countries requires creating a skilled workforce. President Bush has helped to give education a strong profile in the G8 in recent years, and work is being carried forward actively both multilaterally and bilaterally. We are working internationally to support countries' efforts to improve their education programs and to produce measurable results on enrollment and educational achievement.

Since the submission of the USAID fiscal year 2005 Congressional Budget Justification, projections on basic education levels have changed somewhat for both fiscal year 2004 and fiscal year 2005. While there is a \$22 million reduction in Basic Education funded by the Development Assistance (DA) account from fiscal year 2004 to fiscal year 2005 (from \$234 million to \$212 million), the currently projected total for basic education from all accounts for each of fiscal year 2004 and fiscal year 2005 is \$334 million. The Administration intends to continue to maintain its strong interests in this area. In fact, the U.S. support for basic education from all accounts has more than doubled from fiscal year 2001 to fiscal year 2004, in recognition of its importance to giving people the tools to take part in free and prosperous societies.

COMBATTING HIV/AIDS

Question. There is strong evidence that keeping children in school—especially girls who are much more susceptible to the AIDS virus—reduces the chance that they will become infected. A World Bank study reports that in Zimbabwe, girls who received primary and some secondary education had lower HIV infection rates—a trend that extended into early adulthood. In Swaziland, 70 percent of secondary school age adolescents attending school are not sexually active, while 70 percent of out-of-school youth in the same age group are sexually active. Despite this, the focus has been on using schools as a venue for teaching about AIDS, rather than recognizing education as part of the fight against AIDS. I am pleased to see the Administration's recognition of the importance of education for AIDS orphans and vulnerable children, but given the value of education as the only vaccine against AIDS that we currently have:

—Shouldn't the United States have a coordinated strategy on basic education and HIV/AIDS prevention?

Answer. Basic education is a priority for the U.S. Agency for International Development. It is the linchpin for success in many of our development activities, including family planning, child health and HIV/AIDS.

In order to be successful in the fight against HIV/AIDS, it is essential that we wrap all of our development programs around HIV/AIDS programs. One of the first things I did when I became administrator of USAID was to issue a cable urging all of our missions to do this. While USAID has a large HIV/AIDS prevention program, we also have programs in education, agriculture and other sectors. Our missions have been working to integrate AIDS prevention messages into all of the other sectors.

Question. Funds from many sources are now available to implement both treatment and prevention programs to combat AIDS, TB, and Malaria. The influx of funds is still not commensurate with the extent of the problem, but the increase in partners is welcome and needed. I would like a clarification of how USAID is making sure its work is complementary to that of the President's Emergency Plan for AIDS, Relief (PEPFAR), the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), the WHO 3×5 Initiative, the World Bank, and other programs during the scale-up that is occurring on the ground.

—How are staff coordinating on the ground with other donors?

—What are you doing to improve the effectiveness of USAID and other donor programs?

—I envision a sea of paperwork for a country with 30–40 different donors. What procedures have you put in place to limit transaction costs and improve efficiencies relative to other donors?

Answer. On April 25, the U.S. Government convened a meeting, along with UNAIDS and the United Kingdom, to address this very topic. The meeting ended with a pledge that countries will have one agreed HIV/AIDS Action Framework that provides the basis for coordinating the work of all partners; one national AIDS authority, with a broad-based multisectoral mandate; and one agreed country-level monitoring and evaluation system.

These principles will allow donors to achieve the most effective and efficient use of resources, and to ensure rapid action and results-based management.

This is a goal that USAID has been working toward for long time. USAID staff have been participating for several years in a working group with many other international donors to set up standardized monitoring and evaluation indicators used by all donors.

Question. In a press release of April 13, 2004, USAID announced the first round of grants made under the President's Emergency Plan for AIDS Relief (PEPFAR) with fiscal year 2004 funding. Five grants were announced for projects in just some of the 14 countries eligible for PEPFAR funding, totaling less than \$35 million. Only three of these grants—totaling just \$18 million were directed to Orphans and Vulnerable Children (OVC) programs. Not one of these grants exceeded \$7 million, even though all were for efforts in multiple countries. Given the magnitude of the orphan problem, and the grave consequences it has for the children, their families and communities, and for their countries, these efforts seems far too tentative and too limited, far smaller than the effort anticipated by Congress in allocating 10 percent of fiscal year 2004 HIV/AIDS funds for OVC programs.

While I compliment USAID for recognizing the importance of OVC programs in assuring the long-term economic and social development of poor countries, I am concerned that our financial support to date is too limited to effectively address the needs of the rapidly growing numbers of orphans and other children affected by AIDS.

—Can you tell me how much of the fiscal year 2004 appropriation for HIV/AIDS has in fact been committed to date for this purpose and how much will be committed in fiscal year 2005?

—Can you assure me that fully 10 percent of the 2004 appropriations will be dedicated to this critical problem and that funding for OVC programs will expand significantly from what appears to be a slow and tentative beginning?

Answer. In fiscal year 2004, the U.S. Government has allocated \$50 million, or 6 percent of the HIV/AIDS budget, to programs for orphans and vulnerable children. Levels for fiscal year 2005 are not available at this point.

USAID has recognized the importance of funding programs to support children affected by AIDS for the past few years. Our programs in this area are beginning to grow significantly under the President's Emergency Plan for AIDS Relief. As you mentioned, grants for orphans and vulnerable children were some of the first announced under the Emergency Plan. These grants will provide resources to assist in the care of about 60,000 additional orphans in the Emergency Plan's 14 focus countries in Africa and the Caribbean. Approaches to care services will include providing critical social services, scaling up basic community-care packages of preventive treatment and safe water, as well as HIV/AIDS prevention education.

Prior to the implementation of the Emergency Plan, as of six months ago, USAID was funding 99 programs in 25 countries to specifically respond to the unique issues facing children affected by AIDS. In addition, USAID funds a consortium of groups who are working together as the "Hope for Africa's Children Initiative."

Question. The HIV/AIDS pandemic has had an enormous impact on the world's youth. To date, 13–14 million children have been orphaned by AIDS, and that number is expected to reach more than 25 million by 2010. This virtual tsunami' of orphans in sub-Saharan Africa will spread to new countries in Africa and to Asia as death rates from AIDS rise in those regions.

—Within PEPFAR and other programs, what are you currently doing to scale up efforts regarding AIDS treatment, health care and getting these children into school?

Answer. Under the President's Emergency Plan for AIDS Relief, caring for children affected by AIDS is one of the top priorities. While USAID has been working in this area for several years, we have recently been able to significantly scale-up our programs. We recently entered into agreements with the World Food Program and a consortium of organizations called "Hope for Africa's Children Initiative" to address issue specific to children affected by AIDS.

In addition, the first round of grants USAID gave under the Emergency Plan were aimed at orphans and youth. Grants were given to five organizations for their work in 14 Emergency Plan focus countries to support children affected by AIDS and for abstinence and behavior change prevention programs targeted at youth.

These grants will provide resources to assist in the care of about 60,000 additional orphans in the Plan's 14 focus countries in Africa and the Caribbean. In addition, prevention through abstinence messages will reach about 500,000 additional young people in the Plan's 14 focus countries through programs like World Relief and the American Red Cross's Together We Can. USAID country missions also will receive additional dollars for orphans and youth upon the award of the remainder of the fiscal year 2004 President's Emergency Plan dollars.

Question. The President's initiative on global AIDS includes a commitment to put two million people on life-saving antiretroviral treatment.

—How many AIDS patients within all of our AIDS efforts are currently under treatment?

—How many mothers have actually received treatment to reduce mother-to-child transmission?

—What is USAID doing to scale up the numbers treated through your agency in the coming year?

Answer. Treating two million people living with HIV/AIDS is the cornerstone of the President's Emergency Plan for AIDS Relief. With the first round of funds, an additional 50,000 people living with HIV/AIDS in the 14 focus countries will begin to receive anti-retroviral treatment, which will nearly double the number of people who are currently receiving treatment in all of sub-Saharan Africa. Today, activities have been approved for anti-retroviral (ARV) treatment in Kenya, Nigeria, and Zambia, and patients are receiving treatment in South Africa and Uganda because of the Emergency Plan.

The first complete set of counts of patients served will be sent by U.S. Government country missions to headquarters early next Fall. As of March 31, 659,500 women have received services at ante-natal clinics with 76,000 women receiving a complete course of ARV prophylaxis to prevent mother-to-child transmission.

USAID is working in a variety of ways to scale-up the numbers of people receiving ARV treatment. For example, we help developing countries establish effective and efficient supply chains, as a continuous, reliable flow of commodities is essential to ARV treatment. We also provide funding to ensure that health systems within developing countries are available to implement treatment programs.

TUBERCULOSIS

Question. Tuberculosis is the greatest curable infectious killer on the planet and the biggest killer of people with HIV. Treating TB in people with HIV can extend their lives from weeks to years. I am very concerned that the President's 2005 budget actually cuts TB and malaria funding by some \$46 million. And the President's AIDS initiative fails to focus on expanding TB treatment as the most important thing we can do right now to keep people with AIDS alive and the best way to identify those with AIDS who are candidates for anti-retrovirals.

I was just in India where TB is currently a far greater problem than HIV—though AIDS is rapidly catching up—and a new WHO report has shown that parts of the former Soviet Union and Eastern Europe have rates of dangerous drug resistant TB 10 times the global average. TB rates have skyrocketed in Africa in conjunction with HIV, yet only one in three people with HIV in Africa who are sick with TB even have access to basic life-saving TB treatment. The cuts in TB funding are shortsighted; TB efforts should be expanded. We are missing the boat on this issue—at our own risk.

—Will you push to expand overall USAID funding to fight TB to our fair share of the global effort? (The United States is currently investing about \$175M in TB from all sources including our contribution to the Global Fund.)

—Will you ensure that the USAID makes it a priority to expand access to TB treatment for all HIV patients with TB and link TB programs to voluntary counseling and testing for HIV?

Answer. Outside of HIV/AIDS, tuberculosis (TB) and malaria are our top priorities for infectious diseases. USAID is the largest bilateral donor providing support to the global effort to fight TB. Our total fiscal year 2004 budget (all accounts) for TB programs worldwide is \$82 million. This level has increased dramatically over the last several years, from just over \$20 million in 2000. In addition, as you mention, the Global Fund to Fight AIDS, TB and Malaria supports grants for TB, and the USG is the largest contributor.

In the fiscal year 2005 budget, we did have to cut our request for infectious disease funding overall to stay within our budget parameters. We will do everything we can to protect our core TB programs. Overall in TB, our priority is to expand and strengthen implementation of the WHO recommended DOTS (Directly Observed Treatments Short-course) strategy—which is the best means for getting effective TB treatment to patients. In addition, USAID is supporting critical research to identify better diagnostic methods, better and shorter treatment regimens and new approaches to improve program performance.

With regard to TB and HIV/AIDS, we would strongly agree with the points you raised on the critical importance of getting access to TB treatment to those infected by HIV/AIDS. USAID is a leader in expanding, strengthening and testing approaches to improve the care of patients co-infected with TB and HIV/AIDS. One of the criteria for selection of our priority countries for TB is the prevalence of HIV. As such, we are supporting TB programs in many countries that have a heavy burden of both diseases such as South Africa, Kenya, Uganda, Ethiopia, Nigeria, Cambodia, and Haiti, as well as in countries such as Russia and India where TB is a serious problem and where HIV/AIDS is on the rise. In these and other countries, we need to expand access to DOTS in the general population, since many co-infected patients seek TB care without even knowing their HIV status.

In addition, USAID supports country-level activities that specifically address TB-HIV/AIDS co-infection in Ethiopia, South Africa, Kenya, Malawi, Mozambique, Tanzania, Uganda and Zambia. These activities use HIV counseling and testing as an entry point to a package of prevention, care and support for those patients with suspected TB and/or HIV/AIDS.

USAID also supports operations research to test approaches to improve identification and care of patients co-infected with TB and HIV/AIDS.

Finally, TB technical advisors participated in the review of country plans to the President's Emergency Plan for AIDS Relief. While finalization of these plans is pending, TB-HIV/AIDS co-infection was particularly emphasized in the plans for Ethiopia, Mozambique, Nigeria, Tanzania, Rwanda, and South Africa.

FEMALE GENITAL CUTTING

Question. It is my understanding that USAID is developing a strategy for eliminating female genital cutting around the world. I would like to call to your attention the work of the group Tostan in Senegal, which has impressed observers by inspiring the mass abandonment of female genital cutting in more than 1,200 villages since 1997. This kind of extraordinary progress should be encouraged.

- What is the timetable for the completion of USAID's strategy?
- What is the likely role of multi-dimensional programs such as Tostan in that strategy?
- What is your sense of whether it might be possible to begin supporting effective programs such as Tostan even before the strategy is completed?

Answer. USAID will complete its FGC Abandonment Strategy and implementation plan by early summer 2004.

Programs such as Tostan are currently integral to USAID's work.

USAID incorporated eradication of FGC into its development agenda and adopted a policy on FGC in September 2000. To integrate this policy into programs and strategies, USAID:

- Supports efforts by indigenous NGOs, women's groups, community leaders, and faith-based groups to develop eradication activities that are culturally appropriate and that reach men and boys as well as women and girls.
- Works in partnership with indigenous groups at the community level, as well as with global and national policymakers, to reduce demand by promoting broader education and disseminating information on the harmful effects of FGC.
- Collaborates with other donors and activist groups to develop a framework for research and advocacy and to coordinate efforts, share lessons learned, and stimulate public understanding of FGC as a health-damaging practice and a violation of human rights.

USAID currently funds Tostan projects in Senegal, Guinea, Burkina Faso, and Mali.

In addition to our work with Tostan, we are involved with other, comparable organizations. For example, in Nigeria, USAID's local partners include the Women's Lawyers Association and Women's Journalists Association. These groups work with us in programs involving community media and traditional media advocacy to change social norms regarding FGC.

In Mali, we worked with an important women's Islamic group which reversed a previous stance when they affirmed that female circumcision is optional; that the practice is not mandatory under Islam.

QUESTIONS SUBMITTED TO AMBASSADOR COFER BLACK

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. Which terrorist groups are operating in Iraq, and do they receive support from Iraq's neighbors—if so, what kind of support?

Answer. Terrorist groups operating or present in Iraq as of May 2004 which have been designated by the United States as Foreign Terrorist Organizations (FTO) or under the Terrorist Exclusion List (TEL) include Ansar al-Islam/Ansar al-Sunna, and the Mujahedin e-Khalq (MEK). However, many individuals or entities with links to al-Qaeda, former regime elements, or other foreign terrorists or organizations, such as the network led by Abu Mus'ab al-Zarqawi or the Islamic Army in Iraq, have claimed responsibility for terrorist actions in Iraq, such as the August 2003 bombing of the UNHCR Headquarters. In addition to our extensive security and policing efforts within Iraq, we are also working with Iraq's neighbors, where possible, to track and cut off the cross-border flow of persons, weapons and funding to the terrorists in Iraq.

Question. Has the Liberation of Iraq had an impact on the advancement of freedom in the region—such as increased calls for reform in Syria or Libya's recent opening to the West?

Answer. U.S. resolve to see international law and more than a dozen U.N. Security Council resolutions upheld in Iraq clearly had a profound impact on most of the region, including on the historic decision by Libya's Muammar Qadhafi to give up his weapons of mass destruction and non-MTCR compliant missiles.

Syria, however, remains a closed, autocratic state. We remain concerned about the repression of Syrian citizens, including religious and ethnic minorities. Given the nature of the Syrian regime, it is very difficult to gauge whether calls for reform from the Syrian public have increased over the past eighteen months. Syria also

maintains a significant military and intelligence presence in Lebanon and continues to interfere in Lebanon's political life.

In Libya's case, other factors also played a role, including a tough bilateral sanctions regime, years of sustained diplomacy, and United States and UK intelligence efforts to uncover the details of Libya's WMD efforts. It is also important to note that the courage and tenacity displayed by the families of the Pan Am 103 victims helped to persuade Libya to finally address the U.N. Security Council demands related to Pan Am 103, including transfer of the two suspects and renunciation of terrorism.

Question. What is the nexus between the growing illicit narcotics trade and terrorism in Afghanistan?

Answer. We do not know to what extent al-Qaida profits from the drug trade in Afghanistan. U.S. Government agencies have anecdotal reports of drug trafficking by elements aligned with al-Qaida, but there is no evidence that such activities are centrally directed. Al-Qaida continues to rely on private donations and funding sources other than narco-trafficking for most of its income, and there is no corroborated information in U.S. Government holdings to suggest that drug trafficking provides a significant percentage of al-Qaida's income. We remain deeply concerned about the possibility that substantial drug profits might flow to al-Qaida, however, and continue to be vigilant for signs that this is occurring.

The involvement of anti-government Afghan extremists in the drug trade is clearer. U.S. troops in 2002 raided a heroin lab in Nangarhar Province linked to the Hizb-I Islami Gulbuddin and officials from the United Nations and the Afghan Government report that the Taliban earns money from the heroin trade. Based on the information available, however, we cannot quantify how much these groups earn from the drug trade, nor can we determine what percentage of their overall funding comes from drugs.

In addition, extremists and terrorists in Afghanistan may sometimes turn to the same network of professional smugglers used by drug traffickers for help moving personnel, material, and money.

Question. Is this illicit trade undermining reconstruction efforts, and what impact might the drug trade have in the country's future development?

Answer. Disrupting the growth of the narcotics trade in Afghanistan continues to be a focus of international efforts. The United States has developed our counter-narcotics program in close consultation with the United Kingdom and is coordinating with the UK in seeking counternarcotics assistance from the G-8, EU, other major donors, and some of Afghanistan's neighbors. A number of donors, including NATO Allies, have already contributed to broader law enforcement, border security, criminal justice sector, alternative development, and demand reduction programs.

If narcotics cultivation and trafficking were to continue unabated in Afghanistan, it would threaten all of the gains that have been made there over the past three years. Among other negative effects, a narcotics economy corrupts government officials, damages Afghanistan's relationship with the international community, makes criminals out of much of the Afghan public, makes addicts out of the youth, and stunts the country's legitimate economic growth. If the problem is not addressed, and the Afghanistan narcotics trade continues to rise at its current explosive rate, Afghanistan risks becoming a failed state.

Question. Are Afghan officials involved in this trade?

Answer. Given the pervasiveness of the drug trade in Afghanistan—some estimates put it as high as 60 percent of the country's GDP—there is little doubt that Afghan officials are involved. There is anecdotal evidence of drug-related corruption within the Afghan police, the military, and the civilian government at national and provincial levels. President Karzai is keenly aware of the danger of government corruption and appears to be appointing high-level officials who he views as honest and trustworthy.

Question. What role does the U.S. military play in counterdrug efforts in Afghanistan?

Answer. As of May 2004, the U.S. military in Afghanistan has resisted active engagement in counternarcotics, out of concern that such assistance might turn the Afghan populace against U.S. forces. The military has agreed, however, to destroy drug-related facilities if found in the course of patrolling operations.

Question. What threat does Afghan Islamic Fundamentalism pose to reconstruction efforts in Afghanistan?

Answer. Islamic fundamentalism itself does not necessarily threaten reconstruction efforts in Afghanistan. Afghanistan is a deeply religious Islamic country, and that fact alone does not hamper our work there. In fact, many very religious Afghans are supporting our efforts. What does threaten our efforts are continued insurgent attacks—whether motivated by religion, politics, or other factors. Attacks on

reconstruction workers and humanitarian organizations threaten to significantly slow our progress by increasing security concerns and costs.

Even in the face of danger, our reconstruction efforts continue. As Coalition forces continue their fight against insurgents, we expect that the pace of insurgent attacks will slow.

Question. As terrorist attacks have already struck the Philippines, Indonesia and Thailand, do you agree that the next major front in this war is Southeast Asia?

Answer. As we have seen all too recently and tragically around the world, the threat from terrorism persists despite our best efforts and the progress we have made. Southeast Asia in particular remains an attractive theater of operations for regional terrorist groups such as Jemaah Islamiyah (JI). The governments in Southeast Asia continue to be reliable partners in the war on terrorism, but they face tremendous challenges to dealing with the terrorist threat. Most worrisome is the disparity between the level of threat—future attacks are a certainty—and the capacity of host governments to deter attacks, disrupt terrorist activity, and respond to incidents. The USG remains committed to cooperating closely with partner countries in Southeast Asia to help them develop and improve the law enforcement, finance and other tools necessary to combat terrorism.

Question. How cooperative are governments in that region on terrorism—particularly Indonesia, Thailand and the Philippines? Do they understand the imminent threat regional terrorists pose?

Answer. The United States enjoys excellent CT cooperation with Indonesia, Thailand, and the Philippines. These governments take counterterrorism very seriously. The October 2002 Bali bombings demonstrated the threat that terrorism poses not only to their own citizens and government, but also to their economies. Since Bali, the Indonesian government has arrested over 130 Jemaah Islamiyah (JI) suspects and convicted over 100 JI and affiliated terrorists. In 2003, Thai authorities captured Hambali, JI's operation chief and Al-Qaeda point man in Southeast Asia, a significant blow to the organization and an important victory in the war against terrorism. In the Philippines, we have seen success as the Philippine National Police have thwarted plots in Manila and arrested suspected members of JI and the Abu Sayyaf Group.

Question. Do you agree with Philippine President Arroyo's recent assertion that the Al-Qaeda-linked Abu Sayyaf terrorist group is a "spent force"?

Answer. The Philippine government, working in part with the USG, has had some success against the leadership of the Abu Sayyaf Group (ASG). Several of the ASG terrorists involved in the kidnapping of Americans Martin and Gracia Burnham and Guillermo Sobero, for example, have been captured or killed. We are assisting Manila in every way we can to keep the pressure on ASG. The ASG remains capable of launching terrorist attacks, however, as demonstrated by their responsibility for the February 2004 Superferry 14 bombing outside Manila which, killed over 100 people.

Question. What should U.S. policy on terrorism be in those countries where repressive governments terrorize their own citizens, such as Cambodia?

Answer. Comprehensive, effective U.S. counterterrorism policy is inseparable from overall foreign policy goals that advance good governance, human rights, promotion of the rule of law and promotion of economic and commercial development. We advance USG counterterrorism efforts by emphasizing these goals to our international partners on a bilateral basis and in various multilateral fora.

In Cambodia, we are working with the government and civil society to implement good governance, promote human rights and greater respect for the rule of law and increase accountability. We have provided some limited counter-terrorism training to mid-level Cambodian officials through programs offered by the International Law Enforcement Academy (ILEA) in Bangkok.

Question. What is your reaction to the recent news that Cambodia is re-opening Saudi charities shut down last year?

Answer. On December 29, 2004, a Cambodian court convicted two Thai nationals and one Cambodian as accessories in "attempted premeditated murder with the goal of terrorism" for their role in supporting Jemaah Islamiyah (JI) operations chief Hambali while he was resident in Cambodia. They were sentenced to life imprisonment. A fourth individual, an Egyptian national, was acquitted. Hambali and two other JI operatives were convicted in absentia and given life sentences.

The trial arose from the May 28, 2003, arrests of foreign members of the Umm al-Qura group, a Saudi-based charity that had been establishing schools for Cambodia's Cham minority community, an indigenous Muslim population. These convictions are a signal to terrorists that the Cambodian government is prepared to take effective action against those planning terrorist activities inside Cambodia.

The Saudi-based Umm al-Qura charity has not resumed activities in Cambodia. The Mufti of Cambodia, Sos Kamry, has opened the Cambodian Islamic Center on the site of the former Umm al-Qura school. However, it has no relationship with the Saudi charity. Embassy personnel have visited the Cambodian Islamic Center on several occasions and have been warmly received by staff and students there.

Question. Are there any links between Islamic terrorist organizations or individuals and Cambodian government officials?

Answer. There is no evidence of links between Islamic terrorist organizations or individuals and the Cambodian government. The Cambodian government has taken decisive action against suspected Islamic extremist organizations and individuals in the closing the Umm Al-Qura School in May 2003 and deportation of many of its foreign staff. In December 2004, a Cambodian court convicted five individuals of plotting terrorist attacks, including the conviction in absentia of Jemaah Islamiyah operations chief Hambali.

In March 2004 the Cambodian government demonstrated its commitment to combating terrorism by destroying with U.S. assistance its stocks of man-portable air defense systems (MANPADS).

Question. How cooperative has China been in the war on terrorism, and what threat do indigenous Islamic fundamentalists in China pose to the Middle Kingdom and the region?

Answer. United States-China counterterrorism cooperation is positive. We have been sharing information and consulting with each other to prevent terrorist incidents.

The PRC is concerned about links between Xinjiang Uighur Autonomous Region separatist groups (composed mainly of ethnic Uighurs, but also other Muslims) and Islamic fundamentalists in Central Asia. There have been terrorist incidents in China, and there is evidence that some ethnic Uighurs have been trained in Afghanistan by Al-Qaeda. In September 2003, after careful review of all available information, the United States designated the East Turkistan Islamic Movement a terrorist organization under Executive order 13224. We have made clear to the Chinese, however, that counterterrorism cannot be used as an excuse to suppress peaceful dissent or the legitimate expression of political and religious views.

Question. How do you explain Thai Prime Minister Thaksin's initial slow and ineffective response to terrorism in southern Thailand?

Answer. The violence in southern Thailand appears to be an insurgency driven by historical separatist sentiment. We have not yet seen evidence of outside terrorist direction, although insurgents sympathize with global Muslim causes. In response to the ongoing violence in southern Thailand, the Thai government has increased the number of security personnel operating in southern Thailand and has announced development and educational programs to address long-standing tensions in the region.

The Thai government remains a stalwart partner in the war on terrorism. In 2003, Thai authorities captured Hambali, Jemaah Islamiyah's operation chief and Al-Qaeda point man in Southeast Asia, a significant blow to JI. We are working with the Thai government to stop terrorists at border entry points by providing training and computer equipment to establish a name-check database called the Terrorist Interdiction Program. Through centers like the U.S.-Thailand International Law Enforcement Academy in Bangkok, we are providing counterterrorism training to law enforcement officers throughout the region.

Question. How extensive are the activities of Saudi charities in the region, and do we know with any accuracy how many Islamic students from the region have been sent to Saudi Arabia or Pakistan for educational purposes?

Answer. We have reports that Saudi charities are active in the region, particularly in Indonesia, as well as in southern Thailand and Cambodia, and we continue to monitor this situation. Many of these charities concentrate on community development projects such as building schools, but some contribute to anti-Western sentiments and espouse Islamic extremism. We are aware that Islamic students from the region do attend schools in Saudi Arabia and possibly Pakistan, but governments in the region have not been able to provide us with accurate counts of the number of students.

Question. What connection exists between organized crime and regional terrorist groups in Southeast Asia?

Answer. There is evidence that extremists and terrorists have taken advantage of the same network of professional smugglers used by drug traffickers for help moving personnel, material, and money. U.S. Government agencies have anecdotal reports of drug trafficking by elements aligned with al-Qaeda, but the evidence suggests that this activity reflects individuals' initiative and is not centrally directed by the organization. Al-Qaeda and regional terrorist groups in Southeast Asia con-

tinue to rely on private donations and funding sources, rather than trafficking for most of their income. We remain deeply concerned about the possibility that substantial drug profits might flow to al-Qaida and regional terrorist groups, however, and continue to be vigilant for signs that this is occurring. Kidnapping for ransom is another funding source, particularly for the Abu Sayyaf Group in the southern Philippines.

Question. To what extent does the United States have a complete and accurate picture of terrorist groups operating in Indonesia, particularly Jemaah Islamiyah (JI)?

Answer. Our picture of terrorist groups in Indonesia, particularly Jemaah Islamiyah (JI), is continually evolving. We have developed over time a clearer understanding of the senior leadership of JI, connections with other groups, JI's regional structure, and their training. However, we are aggressively seeking additional information about the group, in particular actionable intelligence that will enable us to disrupt future operations and track down JI leaders.

Question. How would you characterize Indonesia's cooperation with the United States in the war on terrorism?

Answer. Indonesia's counterterrorism cooperation with the United States is strong and getting stronger. The Indonesian government has taken decisive action against terrorism since the October 2002 Bali bombing; to date, they have arrested over 130 Jemaah Islamiyah (JI) suspects and convicted over 100 JI and affiliated terrorists. We continue to share relevant threat information and work together to prevent future attacks. The United States, along with other donor states such as Australia and members of the G-8, are working together to help Indonesia build its law enforcement and other capabilities to combat terrorism.

Question. What are JI's funding sources?

Answer. We know that much of the funding for terrorist groups in Southeast Asia is funneled through cash couriers, making it extremely difficult to track. In order to get into specific sources of funding, however, I would have to answer the question in a classified setting.

Question. What role has Saudi Arabia (particularly Saudi charities) played in promoting Islamic extremism in Indonesia?

Answer. Saudi charities are involved in many aspects of community building in Indonesia, heavily funding projects such as schools (pesantrans) and mosques. While providing schools is a great service for the poorer Indonesian communities, some of these schools promote Islamic extremism. We continue to speak with the Indonesian government about the importance of promoting moderate views on Islam, including in the school curriculum.

Question. Please comment on the recent decision by Indonesia's Supreme Court to reduce the sentence of Muslim cleric Abu Bakar Ba'asyir.

Answer. In September 2003, a Jakarta District Court convicted Jemaah Islamiyah (JI) spiritual leader Abu Bakar Ba'asyir of participation in treason and of various immigration violations. An appellate court overturned the treason conviction on appeal. Prosecutors and defense lawyers subsequently appealed to the Supreme Court, which reduced Ba'asyir's sentence to 18 months. Just prior to his April release, however, police re-arrested Ba'asyir on terrorism charges for his leadership of JI and his role in the August 2003 Marriott bombing, as well as criminal charges for his role in the October 2002 Bali bombings. Ba'asyir's trial opened on October 28, 2004, and is now continuing into its third month.

Question. What impact will Bakar's pending release have on terrorist activities in Indonesia and throughout the region—especially in light of Bakar's public comment that "we have to oppose America physically in Afghanistan, Iraq and elsewhere"?

Answer. We were tremendously encouraged that the Indonesian government re-arrested Ba'asyir upon the expiration of his shortened sentence, and that Indonesian government prosecutors are now making a strong case against Ba'asyir in court. There is extensive evidence of Ba'asyir's leadership role and personal involvement in terrorist activities.

Question. Is there any evidence that Indonesia's military is collaborating with indigenous terrorist groups and/or individuals?

Answer. No, we do not have any evidence or indication that Indonesia's military is collaborating with indigenous terrorist groups or individuals.

Question. To what extent is North Korea involved in the illicit narcotics trade, and is there any evidence that North Korean Drug Trafficking is used to support terrorism?

Answer. Law enforcement cases and intelligence reporting over the years have not only clearly established that North Korean diplomats, military officers, and other party/government officials have been involved in the smuggling of narcotics, but also that state-owned assets, particularly ships, have been used to facilitate and support

international drug trafficking ventures. Although some of the information gathered is incomplete or unverified, the quantity of information and quality of many reports give credence to allegations of state sponsorship of drug production and trafficking that can not be ignored. It appears doubtful that large quantities of illicit narcotics could be produced in and/or trafficked through North Korea without high-level party and/or government involvement, if not state support.

The cumulative impact of these incidents over years, in the context of other publicly acknowledged behavior by the North Korean such as the Japanese kidnappings points to the likelihood, not the certainty, of state-directed trafficking by the leadership of North Korea.

There is also strong reason to believe that there is party and/or government involvement in the manufacture of methamphetamine and heroin in North Korea , but we lack reliable information on the scale of such manufacturing.

We believe the motivation for DPRK trafficking is primarily financial. We are unaware of any specific transfer of the proceeds of narcotics trafficking to any terrorist group.

Question. North Korean criminals have surfaced periodically throughout South-east Asia, including in Cambodia. What are the designs of these North Korean criminals and are they collaborating with regional terrorists?

Answer. We have seen many reports of North Koreans involved in criminal activity. These reports point to involvement with narcotics trafficking, narcotics cultivation/production, using diplomatic status to smuggle controlled species, the counterfeiting and distribution of foreign currency, including U.S. currency, trade in fraudulent items, violation of intellectual property rights, and smuggling of tobacco products to benefit from differential pricing and to avoid taxation.

We have seen clear evidence that North Koreans are involved with various organized crime groups on Taiwan, in Japan and elsewhere, but we are unaware of any contact between North Korean criminal elements and terrorists.

Question. What programs can be supported among North Korean refugees and exiles to create an organized opposition to the thugs in Pyongyang?

Answer. With the support of the Administration, Congress last year passed the North Korea Human Rights Act, and we are implementing the measures of the Act, consulting closely with Congress and with our allies, to promote improved human rights in North Korea. The specific objectives of the Act are to promote: respect for and protection of fundamental human rights in North Korea; a more durable humanitarian solution to the plight of North Korean refugees; increased monitoring, access and transparency in the provision of humanitarian assistance inside North Korea; the free flow of information into and out of North Korea; and progress towards the peaceful reunification of the Korean Peninsula under a democratic system of government.

As explained in the Report of the Committee on International Relations, The North Korean Human Right Act “is motivated by a genuine desire for improvements in human rights, refugee protection, and humanitarian transparency. It is not a pretext for a hidden strategy to provoke regime collapse or to seek collateral advantage in ongoing strategic negotiations. While the legislation highlights numerous egregious abuses, the [Congress] remains willing to recognize progress in the future, and hopes for such an opportunity.”

The Act authorizes \$2 million to be spent annually through fiscal year 2008 to provide grants to private, nonprofit organizations to support programs, including educational and cultural exchange programs, that promote human rights, democracy, the rule of law, and development of a market economy in North Korea. For fiscal year 2005, Congress has indicated that these funds should be granted to Freedom House to hold a conference on improving human rights in North Korea. The Act also expresses the sense of Congress that the United States should increase radio broadcasts into North Korea by Radio Free Asia and Voice of America to 12 hours per day, and authorizes \$2 million annually through fiscal year 2008 to increase the availability of non-government-controlled sources of information to North Koreans.

In addition, the Act mandates the appointment of a Special Envoy for Human Rights in North Korea within the State Department. Among other responsibilities, the Special Envoy is charged with supporting international efforts to promote human rights and political freedoms in North Korea, engaging in discussions with North Korean officials on human rights, consulting with NGOs, reviewing strategies for improving protection of human rights in North Korea, and making recommendations regarding USG funding of programs to promote human rights, democracy, rule of law, and development of a market economy in North Korea. As you know, the first annual report of the soon-to-be-appointed Special Envoy on actions taken to

promote efforts to improve respect for the fundamental human rights of people in North Korea is due on April 15.

We will continue to work closely with the Subcommittee to promote improved human rights in North Korea.

WEST AFRICA

Question. Is Hezbollah profiting from the diamond trade—or other illicit activities in that region?

Answer. We do not think, based on the evidence, that Hezbollah as an organization directly participates in the diamond trade or other illicit ventures in west Africa. That said, Hezbollah profits indirectly from the diamond trade in west Africa. Hezbollah engages in widespread fundraising efforts worldwide, with particular emphasis on regions with sizable overseas Lebanese communities such as west Africa. Hezbollah raises money in west Africa from members of the Lebanese business community, some of whom are involved in both the licit and illicit diamond trade.

Question. Is there a connection between Hezbollah and Al-Qa'ida in west Africa?

Answer. We have seen no credible evidence indicating a connection between Hezbollah and Al-Qa'ida.

Question. Do drug addicted, demobilized rebels in Sierra Leone and Liberia pose an immediate threat to the resumption of hostilities in the region—and as easy recruits for terrorist organizations?

Answer. Yes, the rebels pose a threat to the region and could resume hostilities, however they are not likely recruits for International Terrorist Organizations. We strongly believe in the need for swift and effective reintegration and rehabilitation (RR) programs for disarmed and demobilized combatants worldwide, including in Liberia and Sierra Leone.

The U.S. Agency for International Development is spending \$60 million on RR programs, based on our Depression-era Civilian Conservation Corps, in Liberia for 20,000 ex-combatants and 15,000 others, including women and children associated with those fighters. The United Nations (UN) and European Union (EU) are creating programs in Liberia for another 23,000 ex-combatants, leaving a shortfall of 60,000 people formally classified as ex-combatants.

U.N. Secretary-General Annan recently said that another \$60 million in RR programs are needed to employ, retrain, educate, and counsel these remaining “volatile and restive” ex-combatants in Liberia. As part of our supplemental budget request, we are proposing additional funding for reintegration and rehabilitation programs for Liberian ex-combatants. A senior interagency delegation will visit Brussels and Luxembourg January 10–13 to urge the EU to spend more on similar RR programs.

Diamond fields and forests in the Mano River region have attracted significant illicit commercial activity, and these governments have minimal capability to control their borders or enforce customs regulations. Strengthening their capacity to combat arms smuggling, money laundering, and other activities supporting terrorism is a top priority.

Liberia is resource rich and potentially a good place for direct foreign investment that would help create jobs for the unemployed youth. We are working with the Government and international financial institutions to address pervasive corruption that is currently a major impediment to spurring economic activity.

Question. Is there any evidence of al-Qaida operations in Colombia?

Answer. There is no corroborated reporting that al-Qaida operational cells exist in Colombia. Colombia, like many other countries in the Western Hemisphere, could be vulnerable to exploitation by terrorists for safe haven, fundraising, recruiting, or spreading propaganda. The United States Government works on a bilateral and multilateral basis to enhance the counterterrorism capacity of Colombia, as well as other hemispheric partners, to prevent the movement of terrorists in the hemisphere, deny terrorists access to fraudulent travel and identity documents, strengthen border security, and combat terrorism financing.

Question. Is Venezuela providing sanctuary to terrorist operating in Colombia?

Answer. It is unclear to what extent or at what level the Venezuelan Government approves or condones the use of its territory as safehaven by Colombia's Revolutionary Armed Forces of Colombia (FARC), National Liberation Army (ELN), and United Self-Defense Forces/Groups of Colombia (AUC)—all three U.S. Government-designated Foreign Terrorist Organizations (FTOs).

Venezuela has been unwilling or unable to assert control over its 1,400-mile border with Colombia. Consequently, the FARC and ELN have used the area for cross-border incursions and have regarded Venezuelan territory near the border as a safe area for rest, recuperation, and probable transshipment of drugs and arms. The AUC has admittedly operated in Venezuela, principally targeting FARC and ELN

groups operating there. The AUC does not appear to hesitate to cross the porous Venezuela-Colombia border to disrupt or exploit the FARC's and ELN's strategic supply lines.

President Chavez' stated ideological affinity with the FARC and ELN limits Venezuelan cooperation with Colombia in combating terrorism. However, the Venezuelan and Colombian Governments have worked together in some cases to enhance border security and bring terrorists to justice.

Question. Do we have a full and accurate picture of the proliferation activities of A.Q. Khan in Pakistan, and how would you characterize the Pakistani government's cooperation in determining the breadth and depth of Khan's activities?

Answer. The Government of Pakistan is continuing its own investigation of the A.Q. Khan network and has already taken steps to shut down the network. It has shared information that it has developed from that investigation and it has agreed to continue to share information with us. The information Pakistan has provided to us has been important to our global efforts to dismantle the network. President Musharraf's efforts to shut down the activities of the network in Pakistan have contributed to our overall effort. However, we remain concerned that the network could be reconstituted. For this reason, we are reassured by President Musharraf's statements that Khan remains under close watch and his movements are restricted. It is also notable that Khan's pardon is conditioned on his continued cooperation. We remain concerned, however, about Pakistan's decision to release all of the individuals detained in connection with the Khan case, with the exception of Dr. Muhammed Farooq, formerly head of procurement at Khan Research Laboratories.

Question. How cooperative has Pakistan been in engaging Al-Qaeda and Taliban remnants in Pakistan—particularly along the border with Afghanistan.

Answer. Under the leadership of President Musharraf, Pakistan cut its ties to the Taliban and became a critical partner in the war on terror. The GOP is aggressively pursuing al-Qaida and their allies through large-scale military operations in the Federally Administered Tribal Areas (FATA). Along with the United States, Pakistani forces have borne the brunt of fighting against al-Qaida, facing intense resistance and suffering many casualties, including the deaths of at least 200 Pakistani servicemen. Pakistan's FATA military operations have significantly degraded al-Qaida's command and control capabilities in the region.

In addition to these counterterrorist operations in the tribal areas, Pakistani law enforcement—maintaining close cooperation with the USG in border security and investigative training—continues an extremely successful anti-terrorist campaign in other areas of the country, particularly in major cities. Pakistani authorities have apprehended over 600 terrorist suspects, turning over to the United States such key al-Qaida figures as Khalid Sheikh Mohammad and Abu Zubaydah. The arrestees have provided valuable information leading to further investigations and arrests.

While the GOP has been very successful in targeting members of al-Qaida and other foreign militants throughout the country, it has faced more difficulty confronting Pakistani militants and the Pashtun-dominated Taliban, which enjoys close ties to some local tribes.

Question. Why have Afghan President Karzai and the U.S. Ambassadors to both Afghanistan and Pakistan been critical of Pakistani efforts to combat terrorism along the border?

Answer. Pakistan had supported the Taliban government in Afghanistan prior to September 2001. Though President Musharraf withdrew his government's support and Pakistan became a critical ally in the war on terrorism, suspicions lingered in Afghanistan over the sincerity of the GOP's support for the new Afghan government. Despite the GOP's successful efforts to target al-Qaida and other "foreigner fighters" within the Federally Administered Tribal Areas (FATA), the GOP has faced more difficulty confronting the Taliban, who enjoy close ethnic ties with the FATA tribes, as a result of which problems remain with cross-border infiltration into Afghanistan.

In recent months, there has been significant progress in Pakistani-Afghan bilateral relations. President Musharraf was the first foreign leader to visit Karzai in Kabul after his October election, signaling GOP support for Karzai and his government. Additionally, the GOP has intensified its counterterrorism operations against al-Qaida remnants in Waziristan, and the activities of the Tripartite Commission are providing a useful forum for deliberations between Afghan, Pakistani, and U.S. military and security representatives at the working level on sensitive border and security issues.

Question. How do you explain the reluctance of Egyptian President Hosni Mubarak to embark on much-needed political and legal reforms in Egypt?

Answer. The Egyptian government always has stressed the need for gradual reform to preserve stability, but there are signs that mind-set is changing somewhat.

- President Mubarak and other senior Egyptian officials always have argued the need for a gradual process of political, economic, and social reform to avoid social upheaval in Egypt, where population densities in the Nile delta and valley are among the highest in the world. They point to the 1977 riots that damaged large swaths of Cairo after President Sadat removed bread subsidies, and to their struggle against domestic Islamic extremists in the 1980's and 1990s, as proof of the need for such gradualism.
- We and other donors have argued that, conversely, an insufficiently rapid pace of reform is likely to increase rather than decrease Egypt's instability in the mid- to longer-term. High-level bilateral discussions and the Broader Middle East and North Africa (BMENA) initiative are key venues for delivering that message.
- Over the past year, we have seen increasing signs that Egypt is "getting it," although the evidence is still much more on the economic than political side.
- The new Prime Minister and cabinet have announced and begun to implement the most ambitious economic reforms in years, including sharp cuts in tariffs, income and sales tax reforms, reductions in subsidies, liberalizing Egypt's exchange rate regime, and reinvigorating the privatization program, including in the financial sector.
- We will continue to urge the government to accelerate that reform process, which we support through our USAID assistance program.
- Egypt's political system remains dominated by President Mubarak and the ruling National Democratic Party, and citizens do not to date have a meaningful ability to change their government. There are, however limited signs of liberalization, such as the recent registration of two new political parties, tolerance of a significantly more open debate on presidential succession, the Government's agreement to our plan to make direct democracy grants to NGOs without its approval, and its support for the Alexandria meeting of intellectuals and declaration on the need for reform in the Arab world.
- We will continue to press the GOE at the highest levels to open up its political system and improve its poor record on human rights.

Question. Has Mubarak's reluctance to create a more open and pluralistic society created conditions favorable to Islamic extremism and terrorist recruitment efforts?

Answer. We believe that an overly cautious approach to economic and political reform in Egypt would be more rather than less conducive to instability in Egypt, while greater political and economic opportunity would provide more moderate outlets for the expression of public will. Our Broader Middle East and North Africa (BMENA) and Middle East partnership Initiative (MEPI) convey the same message region-wide.

The lack of a credible legal alternative to the ruling National Democratic Party (NDP) appears to have caused many people to gravitate towards the still-illegal Muslim Brotherhood, generally considered the most powerful political group in Egypt aside from the NDP.

Terrorists may also seek to exploit a lack of economic opportunity to advance their violent ideology.

However, both the Muslim Brotherhood and the jailed leadership of the more radical Egyptian Islamic Jihad have publicly renounced violence as a means to political change in Egypt.

We continue to believe, and to advocate with Egypt's political leadership, that it must open up its political process to provide a middle ground between the NDP and religious extremism.

Question. What concrete steps has Saudi Arabia taken to crackdown on "charities" which seem bent on sowing seeds of Wahabism intolerance wherever Muslim communities exist?

Answer. Saudi Arabia has made important strides, both in coordinated steps with the United States and on its own, to combat terrorist financing. Most recently, on January 22, 2004, we jointly submitted the names of four overseas branches of the Riyadh-based al-Haramain Foundation to the U.N. 1267 Sanctions Committee for world-wide sanctions, including asset freezing.

The addition of these four entities made for a total of 10 United States-Saudi joint submissions to the U.N. 1267 Sanctions Committee since December 2002, the largest number with any country over that span, and we continue to work together to look for additional entities and individuals providing support to al-Qaida.

The Saudis have announced that they will establish a Financial Intelligence Unit (FIU) to coordinate government efforts to monitor and track suspicious transactions. The Saudis also enacted an Anti-Money Laundering Law last year which criminalizes terrorist financing and money laundering.

The Saudis have also removed cash boxes from mosques and shopping centers in an effort to enhance oversight and accountability of charitable giving.

We are awaiting the establishment of the Saudi High Commission on Charities, which was announced in 2004. If approved and fully implemented, the High Commission will ensure government oversight of all charitable giving overseas.

While there is more to be done, we are seeing clear indications that Saudi actions are having a real impact in terms of making it more difficult for suspect charitable branches around the world to obtain funding.

Question. Do we have a complete picture of all the regions where Saudi charities are active—or a list of countries they have specifically targeted?

Answer. The Saudi government supports relief efforts and educational programs in many areas of the world. Saudi officials have told us repeatedly that they do not support terrorists or terrorism anywhere in the world. We do have evidence that some individuals in Saudi Arabia provide funds to terrorists. Private contributions to HAMAS are a particular concern. Through our intensive, high-level dialogue with the Saudi government, we believe we have made important progress, but there is more to be done to see that funds in support of terrorism do not emanate from Saudi Arabia.

Question. How can the flow of funds originating in Saudi Arabia—particularly cash—be better monitored and interdicted?

Answer. The 2004 Financial Action Task Force (the FATF, which produced a set of recommendations which define best international practice as regards procedures to combat money laundering and terrorist financing) report for Saudi Arabia states that: “Significant steps have been taken to discourage large cash transactions and to encourage the use of bank transfers in order, *inter alia*, to improve the ability of the law enforcement authorities to monitor cash transactions. Saudi Arabia also monitors the physical movement of cross-border transportation of cash. The import or export of currency in excess of SR 10,000 must be declared at the border, or point of entry, and a record is maintained of declarations and investigations carried out if there are doubts as to the source of the money. Saudi Arabia applies strict controls on the movement of Saudi currency. Saudi banks are encouraged to buy any excess Saudi riyals that they may have accumulated in other countries, and persons leaving Saudi Arabia with large amounts of cash are encouraged to deposit the funds in a bank (and thus transfer the funds by wire or convert them to another currency) before departure. Consequently there is very little cross-border transportation of currency.”

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We will continue to work closely with the Saudis to better monitor cash flows and interdict illicit funding.

Question. To what extent are Saudi charities or other Islamic extremist organizations active in the Balkans and what specific activities are they involved in?

Answer. The vast majority of Muslims in Europe have no interest in and nothing to do with violent extremism. Hundreds of Islamic organizations are active in the Balkans ranging from business to NGOs, to political groups; the overwhelming majority are engaged in legitimate activities. In some cases, however, groups with extremists connections have been active in attempts at recruitment and Islamic extremists seem to hope to utilize the Balkans as a religious foothold in Europe and as a possible transit route to other locations. While some groups’ rhetoric has on occasion been vocally anti-Western, actual attacks have been all-but non-existent. Nonetheless, we continue to monitor closely the activities of possible extremist Balkan groups.

Question. Is there a rise in intolerance and extremism within Muslim communities in the Balkans as a result of these activities?

Answer. The vast majority of Balkan Muslims, like Balkan Islam itself, are tolerant and moderate. Despite considerable missionary effort over recent years by extremists, most Balkan Muslims have maintained their traditional moderate approach to religion. Nonetheless, extremist groups on the fringes of Europe’s Muslim communities continue to seek to recruit and propagandize, and particularly seek to target young people.

Question. In May 2003, American Cargo Pilot Ben Padilla disappeared—along with a Boeing 727—in Angola. Do you have any updated information on Mr. Padilla’s whereabouts, or information on his disappearance?

Answer. Neither the aircraft nor the missing pilot has been located. Over the last year, we have received several reports of sightings of the missing 727, but in each case, the sighted aircraft has been shown to be a different aircraft.

We and the FBI continue to monitor the situation.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Mr. Black, I had a chance to read through some of Mr. Clarke's book, *Against All Enemies*. I should point out that he consistently praises your efforts to combat international terrorism.

In one part of the book, Mr. Clarke talks about Mossad's policy of assassinating terrorists. He writes: "The assassinations had also done little to deter further attacks on Israelis. Indeed, Israel had become caught in a vortex of assassination and retaliation that seemed to get progressively worse."

Do you agree with Mr. Clarke's assessment? As the United States moves forward with efforts to combat terrorism, how do we avoid the same trap?

Answer. We believe that Israel has the right to defend itself from terrorist attacks. We have consistently urged Israel to carefully consider the consequences of its actions. We are gravely concerned for regional peace and security, and have urged all parties to exercise maximum restraint.

Question. Mr. Black, Jordan has been indispensable in developing intelligence and helping to thwart attacks by al Qaeda against the United States. King Abdullah and the rest of the Jordanian Government deserve our thanks for the role they have played against terrorism, an in support of peace between Israel and the Palestinians—a role that has not always been popular with other Arab countries.

Unfortunately, our relations with other Muslim nations pales compared to our close relations with Jordan, and even that relationship is under stress with the King canceling his visit. After September 11th, there was an outpouring of good will towards the United States, including from moderate Muslim nations. That good will has been squandered, and today our reputation among Muslims around the world is in tatters. How do we regain the good will?

Answer. Outreach to Muslim populations around the world is a priority for the Department, especially in the context of the war on terrorism. Many of our public diplomacy programs and initiatives are aimed at the Muslim-majority regions of the world, including communities in the Middle East, South Asia, Africa, East Asia and Central Asia.

In order to strengthen our relationships with these communities, we must counter the false perception that the United States is anti-Islamic. In addition, we must demonstrate long-term and sustained commitment to the well-being of Muslim populations.

Our outreach to the Muslim world encompasses public diplomacy and development assistance programs that promote economic and political freedom, tolerance and pluralism in Muslim communities, as well as mutual understanding with Americans. We must not only provide assistance to these communities but be recognized for the assistance we provided.

Political and economic conditions vary by region and country, but in all regions we must increase exchanges of students, scholars and religious and community leaders, publicize U.S. assistance efforts more widely, increase youth programming, expand English teaching and broaden media outreach in local languages. For example:

- The Bureau of Educational and Cultural Affairs (ECA) provided \$40 million in fiscal year 2004 for programs for the Arab and Muslim World through their Partnerships for Learning initiative. The fiscal year 2005 budget funds this initiative at the \$61 million level.
- Under Partnerships for Learning, ECA is planning to bring 1,000 high school exchange students from countries with significant Muslim population to the United States in fiscal year 2005, a fourfold increase over fiscal year 2002, the first year of the program.
- The Bureau of Public Affairs is directing to the Arab and Muslim world at least 50 percent of Department TV co-operative projects, foreign media interviews, sponsored journalists tours, and video news releases.
- Thirty-four American Corners are currently in operation in cities with significant Muslim populations. The Bureau of International Information Programs is working with NEA and SA to establish forty-three more American Corners in those regions, including ten in Afghanistan and fifteen in Iraq.

While we will continue to engage Islamic leaders and influential elites, we must also reach those young people who are the critical next generation in the war on terrorism.

The President's Middle East Partnership Initiative (MEPI) integrates policy, public diplomacy and development and technical assistance programs throughout the region. MEPI's mission is to support economic, political, and educational reform in the Middle East and North Africa and to champion opportunity for all people of the region, especially women and youth.

Question. In my opening statement, I mentioned the memo written by Secretary Rumsfeld. One of the other things he writes is—and I am quoting—"the cost-benefit ratio is against us! Our cost is billions against the terrorists' costs of millions." What is your opinion of the Secretary's assessment?

Answer. The asymmetrical nature of the war against terrorism is one of the factors contributing to its difficulty: in general, destroying things—particularly when one has selected and focused on a specific target—is substantially cheaper than defending an infinite list of possible targets, which is the task that confronts us and our allies. At the same time, our greater resources give us the ability to go after the terrorists in a myriad ways and in myriad places.

QUESTIONS SUBMITTED BY SENATOR BARBARA A. MIKULSKI

Question. Central Intelligence Agency Director George Tenet and Director of the Defense Intelligence Agency, Vice Admiral Lowell E. Jacoby have testified publicly as to the pressing threat that Colombia poses to U.S. interests. In his testimony before the Senate Select Committee on Intelligence, Vice Admiral Jacoby testified that "The Revolutionary Armed Forces of Colombia (FARC) remains the most potent terrorist threat to U.S. interests in Colombia." Of note is that the "FARC's perception that U.S. support is the direct cause of the Colombian government's recent successes, increases the likelihood the group will target U.S. interests in 2004."

Similarly, George Tenet testified that "The FARC may increasingly seek to target U.S. persons and interests in Colombia, particularly if key leaders are killed, captured, or extradited to the United States. The FARC still holds the three U.S. hostages it captured last year and may seek to capture additional U.S. citizens."

As part of the "Anti-terrorism" package, the U.S. increased military presence and aid to Colombia. Since 2001, we have given over 2.5 billion in aid and significantly increased our military presence.

Has increased U.S. engagement in Colombia turned what was essentially a national revolutionary resistance and terrorist group in Colombia into a terrorist group that specifically targets and directly threatens the United States?

Answer. The Revolutionary Armed Forces of Colombia (FARC) have had a long history of planning, threatening, and conducting terrorist attacks in Colombia, since its creation in 1964. The FARC have been responsible for conducting bombings, murder, mortar attacks, narcotics trafficking, kidnapping, extortion, hijacking, as well as guerrilla and conventional military action against political, military, and economic targets in Colombia. Before significant increases in U.S. Government assistance to Colombia, the U.S. Government recognized that the FARC's terrorist activities threatened the security of United States nationals and the national security of the United States, first designating the FARC as a Foreign Terrorist Organization (FTO) in October 1997. In March 1999, the FARC murdered three U.S. Indian rights activists on Venezuelan territory after it kidnapped them in Colombia. The U.S. Government holds the FARC responsible for the safety and welfare of the three Americans it currently holds hostage and for any attack that it conducts against U.S. interests in Colombia, regardless of U.S. assistance levels to the Colombian Government.

United States assistance to Colombia is dedicated to help the Colombian Government strengthen its democracy, respect human rights and the rule of law, and end the threat of narcotics trafficking and terrorism. To do so, we are carrying out programs to provide training, equipment, infrastructure development, funding, and expertise to the Colombian Government and civil society in the areas of counter-narcotics and counterterrorism, alternative development, interdiction, eradication, law enforcement, institutional strengthening, judicial reform, human rights, humanitarian assistance for displaced persons, local governance, anti-corruption, conflict management and peace promotion, rehabilitation of child soldiers, and preservation of the environment.

Question. During this year's annual threat report, CIA director George Tenet warned that "al-Qaida has infected other organizations." He said that "even as al-Qaida has been weakened, other extremist groups within the movement have become the next wave of the terrorist threat. Dozens of such groups exist." He named the Zarqawi network as an example.

Al-Zarqawi, the Jordanian who is suspected of committing the Madrid bombings, is viewed by intelligence officials to be at the forefront of the next wave of terrorist threat. The next wave identified as fluid elements that are known to be collaborators of Osama bin Laden, who share his ideology but are more diffuse and operate outside his control.

The Zarqawi network and another group with an al-Zarqawi affiliation, Ansar al-Islam, have been blamed for continued bombings in Iraq. The groups are suspected to attack Iraqi and foreign targets, especially Shiite pilgrims or Iraqi police and hotels inhabited by foreigners. Their aim is sowing discord and perhaps civil war and raising opposition against U.S. occupation.

Tenet further testified that our main challenge now is “preventing the loosely connected extremists from coalescing into a cohesive terrorist organization.” He said that we had started to see a “few signs of such cooperation at the tactical or local level.”

(a) What is your assessment of the reach of these new diffuse organizations? What is our strategy to deal with these emerging threats?

Answer. Locally-based groups ideologically linked to, but operationally distinct from al Qaeda, like those that carried out the March Madrid bombings, may represent the wave of the future. The threat we face is a global one and we prioritize responses to enable us act in an appropriate and effective manner to address differing challenges in different regions. The key to addressing immediate threats lies in developing timely, useable intelligence in conjunction with partners around the world. In the medium and longer terms, we must ensure that law enforcement and judicial authorities have the tools they need to prevent terrorists from achieving their objectives. In many countries, a government’s inability to find, arrest, and prosecute terrorists is the main impediment to coping with the threat. We have therefore initiated cooperative programs designed to increase partner nations’ will and CT capabilities and to build ties among United States and foreign CT communities. These programs include long-term capacity-building efforts in border security, criminal investigations, intelligence support, and training/advice to combat terrorist financing, as well as a robust Anti-Terrorism Assistance program to bolster the CT capabilities of law enforcement.

Question. (b) How would you categorize the impact of the Zarqawi network and Ansar al-Islam on disrupting our reconstruction efforts and inciting opposition, especially among the Shia, against the United States?

Answer. The violence and intimidation committed by the Zarqawi network, Ansar al-Islam and other terrorists and insurgents has clearly had an impact on the scale and pace of reconstruction. Nevertheless, we have made a great deal of progress in rebuilding Iraq’s infrastructure and services and in preparing for the handover to an interim Iraqi government on June 30. New roads, bridges, schools, hospitals have been built; provision of local services like electricity and water, has been extended in many parts of the country; advisors are assisting Iraqi officials to develop strong, functioning institutions; many countries are engaged in training Iraqi police and security forces. The vast majority of Iraqi citizens—Sunni, Shia, Kurd, Turkomen, and others—want peace and freedom and a better life for their children. We will continue to pursue the terrorist organizations so they cannot take this future away from the people of Iraq.

Question. (c) What is the status of the Kurdistan Worker’s Party or PKK? How has the United States-led occupation of Iraq affected the PKK?

Answer. In April 2002 at its 8th Party Congress, the PKK changed its name to the Kurdistan Freedom and Democracy Congress (KADEK) and proclaimed a commitment to nonviolent activities in support of Kurdish rights. Despite this pledge, a PKK/KADEK spokesman stated that its armed wing, The People’s Defense Force, would not disband or surrender its weapons for reasons of self-defense. In late 2003, the group sought to engineer another political face-lift, renaming the group Kongra Gel (KGK) and brandishing its “peaceful” intentions, while continuing to commit attacks and refuse disarmament. Kongra Gel now consists of approximately 4,000 to 5,000 members, most of whom currently are located in a remote mountainous section of northern Iraq. Kongra Gel has claimed to be under a self-imposed cease fire, but they have continued to engage in violent acts in Turkey—including at least one terrorist attack—against the Turkish state in 2003. Several members were arrested in Istanbul in late 2003 in possession of explosive materials.

The United States is committed to the elimination of the PKK threat to Turkey from Iraq. President Bush has said there will be no terrorist haven in a free Iraq, and that includes the PKK.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

Question. In January, USAID released a foreign aid “white paper” arguing that given the broad range of national security threats facing the United States, including the threat of terrorism, foreign assistance must go beyond more traditional humanitarian and development objectives. The white paper outlines five key operational goals that foreign aid should address: (1) promoting transformational development; (2) strengthening fragile states; (3) providing humanitarian relief; (4) supporting U.S. strategic interests; and (5) mitigating global and transnational ills. How do each of these goals contribute to making foreign aid a better tool and instrument for American policymakers in the global war on terrorism?

Answer. Foreign aid can be a powerful CT tool for achieving our medium and long-term CT objectives. The five goals cited are designed to make it as effective as possible. Achieving these goals will enable us to better attain our overall objectives of defeating terrorist organizations with global reach by diminishing the underlying conditions of poverty, ignorance, intolerance, and desperation that terrorists seek to exploit.

As I noted in my opening statement, we recognize that in many of the countries where we work, the overall institutions of the government and society are not sufficiently robust for the task of aggressive counterterrorism programs. For this reason, institution building is vital and all those tasks serve to do so. We should take the necessary steps to strengthen the institutions of our partner nations and thereby move less developed countries closer toward their full potential in combating terrorism. At the same time, we must also encourage and work closely with other international donor nations to provide resources and expertise in support of this goal.

Question. How do you respond to those who argue that poverty is not a root cause of terrorism; that other factors, such as economic isolation and U.S. foreign policy positions that are perceived as being anti-Islam, are more important at getting at to the heart of why America faces this threat?

Answer. Whole libraries have been written about the “root causes of terrorism. Obviously, all of these factors contribute to the problem we now face. It is difficult to assess the true motives of these killers, apart from their desire to spread death, terror, and chaos. We have clearly seen their willingness to make outrageous claims and demands on the civilized world, and use whatever stated motivations are most expedient for their crimes.

Question. In terms of the terrorist attacks that we have seen in recent months, the connection between failed states and the roots of terrorism appears to be more indirect than we used to believe. Instead of operatives coming out of places like Sudan and Afghanistan, for example, we seem to be witnessing the emergence of local terrorist organizations in states like Turkey or Spain taking up the goals or ideology of Al Qaeda. How do you use foreign aid to fight an ideology that emerges in a relatively wealthy state? With this emerging successor generation of Al Qaeda-associated operatives, from the perspective of counter-terrorism, are we missing the point in directing our resources toward so-called front-line states. Where exactly is the “frontline.”

Answer. Unfortunately, the “front line” is everywhere. The threat we face is a global one and we continually monitor regions that could serve as terrorist sanctuaries. To that end we prioritize our responses to enable us act in an appropriate and effective manner to address differing challenges in different regions. Al Qaeda itself, now serves as an idea and an inspiration to a decentralized worldwide extremist network that exploits weak CT regimes and global linkages to recruit, raise funds, spread propaganda and plan and conduct terrorist attacks on almost every continent. The changing nature of the terrorist threat puts a focus on capacity building and on working with partner governments to build and sustain international will to continue the effort.

Question. What specifically would you say has been the effect of the war in Iraq on the roots of terrorism in the Middle East? In what demonstrable way is foreign aid to Iraq reducing the terrorist threat against the United States and its allies?

Answer. The war in Iraq removed a brutal dictator from power, eliminated a state sponsor of terrorism, and greatly reduced the ability of terrorists to freely use Iraqi territory for training or safehaven. A free, independent and democratic Iraq will have a positive effect on the region. In addition, the U.S. works through many different programs to develop other countries’ will and capacity to fight terrorism and, through economic development and political reform, to diminish the conditions that terrorists exploit to advance their violent ideology. Enhancing security by helping the Iraqis defeat terrorists and criminal elements is one of the key elements of U.S. assistance to Iraq. The United States and allied nations are engaged in an extensive

training program for Iraqi Police and Security forces; more plentiful and more capable security forces are critical to defeating insurgent elements within Iraq. U.S. assistance funds have also been prioritized to generate employment, stimulate economic activity, and provide immediate assistance to areas threatened by the insurgency. Additional State Department programs include Anti-Terrorism Assistance training, terrorist financing and anti-money laundering assistance, border security assistance and training, and diplomatic engagement. Activities and programs such as the Forum for the Future and the Millennium Challenge Account help strengthen our partners to more effectively combat terrorism.

Question. If terrorists are increasingly using the advanced technologies like the Internet to do such things as coordinate operations, to find information about weapons of mass destruction and recruit members, how are we ensuring that we provide foreign aid in such a way that we avoid enabling members of terrorist organizations to be more effective?

Answer. We seek to target our assistance to address key CT weaknesses in partner countries and work with our more capable partner to assist countries where the will is there, but abilities are limited. Rigorous screening of NGO program participants and others, as well as follow-up on programs and projects helps prevent misuse or diversion of U.S.-provided resources, including knowledge and technology.

SUBCOMMITTEE RECESS

Senator McCONNELL. Thank you all very much. The subcommittee will stand in recess to reconvene on Tuesday, May 18.

[Whereupon, at 4:17 p.m., Wednesday, April 21, the subcommittee was recessed, to reconvene at 10:30 a.m., Tuesday, May 18.]

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIA- TIONS FOR FISCAL YEAR 2005

TUESDAY, MAY 18, 2004

**U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.***

The subcommittee met at 10:35 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Mike DeWine presiding.

Present: Senators McConnell, DeWine, Leahy, Durbin, and Landrieu.

DEPARTMENT OF STATE

OFFICE OF THE U.S. GLOBAL AIDS COORDINATOR

STATEMENT OF HON. RANDALL L. TOBIAS, COORDINATOR

OPENING STATEMENT OF SENATOR MICHAEL DE WINE

Senator DEWINE. Let me welcome all of you today. Senator McConnell asked that I preside and begin the hearing as he currently has another commitment, but he will be here shortly to join us.

Today's subcommittee hearing on the fiscal year 2005 budget request for HIV/AIDS consists of two panels. Global HIV/AIDS Coordinator Randall Tobias will be the sole witness on the first panel, followed by DATA founding member Bono on the second.

Senator Leahy and I will make brief opening remarks, followed by Ambassador Tobias. We will then proceed to 5-minute rounds of questions and answers. At approximately 11:20, about the time we may have a vote on the floor, we will move to our second panel.

In the interest of time, I ask that our witnesses summarize their remarks and we will insert their full statements into the record. My colleagues should know that we will keep the record open for any written questions they wish to submit to our witnesses, and I request our witnesses to respond to these questions, of course, in a timely manner.

Our hearing today is a chance for us to take a look at where we have been in terms of how our funding allocations have been spent in regard to AIDS and what the plans are for the future of the President's Global AIDS Initiative. We are privileged to have before us today on the first panel Ambassador Tobias, who serves as the Coordinator of this very important initiative. He will testify on the

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progress to date, as well as provide us with details on what lies ahead for the initiative.

We have an historic opportunity with the funding that has been made available for the Global AIDS Initiative. I say that because the money, that money, can and should be used not only to fight HIV/AIDS, but also to lay a foundation for improved health systems in the developing world: health care systems for children, women, and families. The money that we put forward in regard to this fight against AIDS has the potential to yield tremendous dividends in other areas of public health.

The fact is that in many of the countries that we will be spending and are spending this money for HIV/AIDS, many of these countries do not currently have a good health infrastructure. So it is really going to be impossible for us to deal with the AIDS problem without helping these countries build up that health infrastructure.

So the two are going to be linked. One of the things that I want to explore with Ambassador Tobias today is how he sees us working with these countries to build up their health infrastructures.

I think that is going to also, though, while it is a challenge, frankly it also has the benefit of providing extra dividends: that what we will end up with, we hope, in the future and what these countries and the people of these countries will end up with is not only fighting AIDS, but end up with the ability to do so much more in their health systems and end up with truly a good health system in many of these countries.

What I hope to hear from Ambassador Tobias today are his plans on how to take advantage of the \$15 billion in opportunities over the next 5 years. How can we make certain that we provide care and treatment to as many people as possible, treatment that includes the millions of children with HIV/AIDS and other infectious diseases like malaria and tuberculosis?

Mr. Ambassador, having read your testimony, I know that you will speak to the issues of procuring low-cost antiretroviral medicines for adults. But what about the children? We need to ensure that children infected with HIV are not overlooked in the drug approval and procurement process. I would ask that in your comments you clarify what your office is doing to ensure safe pediatric formulations and how your office plans to increase the number of children receiving treatment.

We know from experience that the core features of the prevention of mother-to-child transmission programs—voluntary counseling and testing, the establishment of pharmacies and drug distribution mechanisms, and the training of health care workers—all provide a sound foundation on which to build, on which to build expanded care and treatment. So I would like to hear from the Ambassador on his plans for the mother-to-child transmission program. What are your plans to increase the number of clinics capable of providing services to prevent the transmission of the virus from mother to child, especially since fewer than one percent of women have access to MTCT services in some of the most infected countries. What can we do to get more women treated before they give birth to HIV-positive babies?

Let me say again, we have \$15 billion in opportunities to help build health care infrastructures, to increase the number of children, women and families receiving treatment and care, to invest in human capital development, and to put programs in place to take care of orphans and other vulnerable children.

Let me again thank both of our witnesses for being here today, and also thank both of them for their great commitment to this cause. Ambassador Tobias, I look forward to hearing your vision on how we can take advantage of these opportunities and hearing what you have already done so far.

Let me also say that I am pleased that Bono could join us and I look forward to hearing his thoughts on debt relief. We do not know anyone else who has really had the vision in this area and who has captured the attention of the public, not only in the United States but around the world, and we salute him for his great work as well.

Let me at this point turn to Senator Leahy, the ranking member of this committee, who has also been just a great leader in this anti-AIDS work. Senator Leahy, thank you.

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you, Mr. Chairman.

You know, it is interesting, some of the odd couplings in the Senate. Not only is Senator DeWine a close personal friend, but we have, coming from different parties and different philosophical spectrums, we have worked very closely on these issues.

Ambassador Tobias, I am glad to see you. I enjoyed our chat outside before we came in and I really would welcome the opportunity to travel to parts of Africa with you. I am delighted that a long-time friend, Bono, is here. He is a close friend of the Leahy family. We have spent time together, each member of the family with him, and we think the world of him.

I met just briefly the lady from Uganda before and we will be seeing more of her, of Agnes Nyamayaro. And I probably—and I apologize. I have probably totally butchered the pronunciation of the name, and the poor reporter here is getting panicky at how to handle that, and I know you will do better. But I admire—as I told you privately before, I admire your courage, I really do, and you are in our thoughts and prayers.

When you think of the statistics—Ambassador, we talked about that outside. We talked about these horrible statistics—8,000 people will die of AIDS today. And as you said very rightly, the number is overwhelming, but each one has a name. And you have seen those, as has Bono and the others, as I. My wife is a registered nurse. We have been in some of these clinics. We have seen the people who are dying.

During the hour and a half of this hearing, 513 will die, 856 will become infected. That shows we have yet to confront this disease.

I support President Bush's AIDS initiative. I have been impressed with the progress you have made in the very short time since you took on this responsibility. We are allocating far more to this crisis. The momentum is positive. But the President and Secretary Thompson and others in the administration, as well as some in Congress who defend the President's budget, say we are spend-

ing as much as can be effectively used to prevent the spread of HIV and treat those who are sick.

I disagree. I think that is misinformed. In any of your 14, soon to be 15, focus countries, the medical facilities are grossly inadequate, health care workers are too few, often poorly trained, they are always underpaid. Private voluntary organizations are overwhelmed. Orphans are caring for other orphans. People are dying alone, often ostracized by their families.

There is a huge unmet need to build the capacity in those countries to fight this pandemic. That is how it is in your focus countries, which are shown in white on this chart I have got over here.

In the rest of the world, with half the HIV-infected people, we either have no programs or funding has been frozen at the fiscal year 2003 level due to a shortage of funds. So while the rate of infection soars in some non-focus countries, funding there is actually decreasing when you consider inflation and the growing number of victims and people at risk. This is a terrifying, terrifying chart.

The President has proposed to cut funding for the Global Fund to Fight AIDS, TB, and Malaria from \$547 million in 2004 to \$200 million in 2005, at a time when the Global Fund says it needs \$3.6 billion, of which our share would be \$1.2 billion. And when we ask the administration, why can we not have additional emergency funding to combat AIDS, we are told we do not need it, we cannot use it.

It reminds you a little bit of the Department of Defense, which, despite overwhelming evidence of the contrary, insists we do not need more troops in Iraq.

Mr. Tobias, we should be allocating \$28 billion next year, not \$2.8 billion. We are 20 years late, we are \$20 billion short.

Three other quick points. First, the generic drug issue, which has been the subject of a lot of press attention and has taken too long to resolve. Now that U.S. drug companies are finally interested in manufacturing fixed-dose combinations, the administration's opposition seems to have miraculously disappeared and the FDA will soon be reviewing the safety of these drugs. It makes you wonder.

Second is your emphasis on faith-based groups and abstinence. Faith-based groups have a role to play and where abstinence programs work we should support them, but we risk millions of new infections if we apply an ideological lens to prevention rather than relying on methods that have been tested and proven and that deal with the world as it really is.

Then third is your definition of "high risk" group. I heard, for example, that a 15-year-old girl in sub-Saharan Africa, where the percentage of HIV-positive females can be as high as 20 percent, could not receive condoms under your program because she is not high-risk. Yet today that girl is more likely to become infected and to die of AIDS than she is to live her life free of AIDS, more likely to have it than not. Now, I hope that girl does not have to expose herself to HIV before she can receive condoms or even information about them under your program.

Mr. Tobias, I have been trying for more than 15 years to get more funding to combat AIDS. I believe we could and should be doing more. But I hear good things, particularly from my own staff, who traveled there, and the Global Health Council, which I admire

greatly, notwithstanding the fact it is based in my home State of Vermont, I hear good things about the way you are taking on this challenge, that you are doing it with great energy and openness. I commend you for that.

PREPARED STATEMENT

Just as Senator DeWine and I work together, we all have to work together. You know, when somebody is dying of AIDS we do not ask them what their politics are. We ask what we could do to stop it. Again, you look at that map; your heart has to cry out.

Thank you.

Thank you, Mr. Chairman.
[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Mr. Tobias, we appreciate you being here. We all know the statistics. 8,000 people will die of AIDS today. Just during the hour and a half of this hearing, 513 will die and another 856 will become infected. To me, that shows that, so far, we have failed miserably to confront this disease.

I support President Bush's AIDS initiative, and I have been impressed with the progress you have made in the short time since you took on this responsibility. We are allocating far more than before to this crisis, and the momentum is positive. But the President, Secretary Thompson, and others in the administration, as well as some in Congress who defend the President's budget, say we are spending as much as can be effectively used to prevent the spread of HIV and treat those who are sick.

That is either misinformed, or disingenuous. In any of your 14—soon to be 15—focus countries, medical facilities are grossly inadequate, and health care workers are too few, often poorly trained, and always underpaid. Private voluntary organizations are overwhelmed. Orphans are caring for each other. People are dying alone, ostracized by their families. There is a huge, unmet need to build the capacity in those countries to fight this pandemic. That is how it is in your focus countries, which are shown in white on this chart. In the rest of the world—with half the HIV infected people—we either have no programs, or you have frozen funding at the fiscal year 2003 level due to a shortage of funds.

So while the rate of infection soars in some non-focus countries, our funding there is actually decreasing, if you consider inflation and the growing number of victims and people at risk of infection. And the President proposes to cut funding for the Global Fund to Fight AIDS, TB and Malaria from \$547 million in 2004 to \$200 million in 2005, at a time when the Global Fund says it needs \$3.6 billion, of which our share would be \$1.2 billion. Yet what we hear from the administration, when we try to get additional emergency funding to combat AIDS, is that we don't need it. We can't use it. It reminds me of the Department of Defense, which despite overwhelming evidence to the contrary, insists that we don't need more troops in Iraq.

Mr. Tobias, we should be allocating \$28 billion next year, not \$2.8 billion. We are twenty years late and \$20 billion short.

Three other quick points:

First, the generic drug issue, which has been the subject of a lot of press attention, has taken far too long to resolve. However, now that U.S. drug companies are finally interested in manufacturing fixed-dose combinations, the administration's opposition seems to have miraculously disappeared and the FDA will soon be reviewing the safety of these drugs. It makes you wonder.

Second is your emphasis on faith-based groups and abstinence. Faith-based groups have a role to play and, where abstinence programs work, we should support them. But we risk millions of new infections if we apply an ideological lens to prevention, rather than relying on methods that have been tested and proven, and that deal with the world as it really is.

Third is your definition of "high risk" group. I heard, for example, that a 15-year-old girl in sub-Saharan Africa, where the percentage of HIV-positive females can be as high as 20 percent, could not receive condoms under your program because she is not "high risk."

Yet, today that girl is more likely to become infected and to die of AIDS than she is to live her life free of AIDS. I hope that girl does not have to expose herself to HIV before she can receive condoms, or even information about condoms, under your program.

Mr. Tobias, I have been trying for more than 15 years to get more funding to combat AIDS. I believe we could and should be doing much more. But I hear good things—including from my staff and from the Global Health Council in my own state of Vermont—about the way you are taking on this challenge, with great energy and openness. I commend you for that. We need to work together.

Senator DEWINE. Mr. Ambassador, thank you very much for joining us. We do have your written statement, which will be made a part of the record, and will you please proceed.

SUMMARY STATEMENT OF HON. RANDALL L. TOBIAS

Ambassador TOBIAS. Mr. Chairman, members of the subcommittee: I am very pleased to be here to testify this morning in support of the President's budget request and to report to you on the progress in implementing the President's emergency plan for AIDS relief. I appreciate the committee's indulgence in the fact that we were scheduled to do this earlier and I was suffering from laryngitis, which as you can probably tell I am not totally over yet; and then on another occasion the President asked me to go to South Africa to represent him at the inauguration of the president.

But I am very pleased to be here today and particularly to be here with my friend Bono. It would be hard to find anybody who is working any harder on this issue than he is. As you have both said, this is a fight where we need everybody we can find to work together.

With your permission, I will submit a longer written statement for the record and I would like to make a few opening comments.

As you are aware and as you have made reference to, in his State of the Union Address last year, President Bush called for an unprecedented act of compassion to turn the tide against the ravages of HIV/AIDS with \$15 billion over 5 years, more money than has ever been committed by any nation for any international health initiative: \$5 billion directed at 100 bilateral programs, \$9 billion intended for new or expanded programs in 14—soon to be 15—focus countries; and \$1 billion intended to support our principal multilateral partner, the Global Fund.

The goals of this program are to help provide antiretroviral treatment to 2 million people in the focus countries, contribute to the prevention of 7 million new infections, and to help provide care for 10 million who are infected or affected, including the orphans and vulnerable children.

Today I am pleased to report that we have made significant progress in beginning to implement the actions that will be necessary to achieve the goals of this initiative. On February 23, a very short time after Congress appropriated fiscal year 2004 funding for the first year of the plan, I announced the first release of funds for the focus country programs, totaling \$350 million. This money is already being used in antiretroviral treatment programs, prevention programs, safe medical practices programs, and programs to provide care for orphans and vulnerable children. With just this first round of funding, an additional 50,000 people living with HIV/AIDS in the 14 focus countries will receive treatment, which will nearly double the number of people who are currently receiving treatment in sub-Saharan Africa. Prevention programs

will reach about 500,000 additional people and about 60,000 additional orphans will receive help.

For each of the focus countries, we have recently completed reviews of their annual operational plans to be addressed with the remaining 2004 appropriation. These plans represent the overall U.S. Government-supported HIV/AIDS programs in each of the focus countries.

As a result of these reviews, Mr. Chairman, we are already moving beyond this first wave of funding, and we will be providing to this committee and other congressional committees very shortly the required notification for the obligation of approximately \$300 million in the next tranche of funding from the Global AIDS Coordinator's Initiative and an additional \$200 million in funds appropriated to the Department of Health and Human Services and the U.S. Agency for International Development. That will bring to about \$850 million the funds that we will have committed to new or expanded programs since the first of the year.

While our short-term focus has been on putting funds to work in the field quickly and with accountability to ensure that those in need get help as quickly as possible, we are also working to ensure that host governments and local organizations are well prepared to fight this deadly disease. And similarly, we need to ensure that our own U.S. Government staffs in the field are properly sized in order to do this increased task that they are facing.

But this is all only the first step. In fiscal year 2005 we have requested \$1.45 billion for the Office of the AIDS Coordinator as part of the President's \$2.8 billion total request. The President's request represents a \$400 million increase over fiscal year 2004. An appropriation of \$2.8 billion will keep the emergency plan on path toward meeting the goals that have been set by the President and the Congress and is in keeping with our belief that as the emergency plan takes root and is scaled up additional resources are clearly going to be needed to effectively deliver assistance.

Mr. Chairman, in February I also submitted to Congress a comprehensive integrated 5-year strategy. This strategy is driving everything that we are doing in the Office of the Global AIDS Coordinator. We have enlisted the help of the U.S. chief of mission in each country to bring together the local country team so that everybody is working in a coordinated effort, and I am very pleased with the way that effort is working.

Within that framework, we are striving to coordinate and collaborate our efforts in order to respond as best we can to the priorities and the strategies of each of the host country governments, challenges which in many cases are different. In addition, we are increasingly coordinating our own worldwide response with those of our international partners—U.N. AIDS, the World Health Organization, the Global Fund—as well as nongovernmental and faith-based and community-based organizations and increasingly private sector companies who are stepping into the fray.

Since my confirmation 7 months ago, I have had the opportunity to visit many of the countries in which we are focusing our efforts, including South Africa, Uganda, Kenya, Botswana, Zambia, Namibia, Rwanda, Ethiopia, and Mozambique. I will be leaving in a

few days to visit Nigeria, Cote d'Ivoire, and Tanzania, and then going to Haiti and Guyana in the early summer.

Finally, Mr. Chairman, I would like to say a few words about our policy to procure antiretroviral drugs under the emergency plan, a topic that has generated a significant amount of interest. I have consistently and repeatedly expressed our intent to provide, through the emergency plan, AIDS drugs that are acquired at the lowest possible cost, whether they are brand name products, generics, or copies of brand name products, regardless of their origin or who produces them, as long as we know that they are safe and effective and of high quality.

As you know, this past Sunday Health and Human Services Secretary Thompson and I held a joint press conference in Geneva, where the World Health Assembly is currently taking place. Our purpose was to make two very important announcements that impact these issues.

First, Secretary Thompson announced an expedited process for FDA review of AIDS drugs that combine already-approved individual HIV therapies into a single dose, known as fixed-dose combination. The drugs that are approved under this expedited process will meet all FDA standards for safety, efficacy, and quality. This new FDA process will include the review of applications that may come from research-based companies that developed the individual therapies and now want to put them into fixed-dose combinations, or the applications may come from companies who are already manufacturing copies of those drugs for sale in the developing nations.

For my part, I announced in Geneva that when a new combination drug for AIDS treatment receives a positive outcome under this expedited FDA review, then the Office of the Global AIDS Coordinator will recognize that positive result as evidence of the safety and efficacy of that drug, and thus the drug will be eligible for funding by the President's emergency plan so long as the various international patent agreements and local government policies allow for their purpose.

Where it is necessary to do so, I will also use the authority that has been given to me by the Congress to waive buy-American requirements that might normally apply.

Thanks to the generosity of the American people, as well as the growing number of donor nations, the donors to the Global Fund, and other multilateral sources, the human and physical capacity to deliver AIDS treatment is being scaled up to make it possible for millions more patients to follow those who are already receiving this life-extending therapy. As infrastructure is scaled up, drug availability will also need to be scaled up to an unprecedented level in order to fuel this newly expanded set of health care systems that can deliver this treatment capacity.

It is in some ways in large part because of the President's emergency plan that the issue of drug safety needs to be addressed on an entirely new scale. With such a massive expansion of ARV treatment, the stakes have increased. If we do not apply appropriate scientific scrutiny to this vastly expanding flow of AIDS medicines, we will run the risk of causing the HIV virus to mutate and overcome specific drugs or even whole classes of drugs, and

that is why getting it right at the outset is so important and requires great care.

Our commitment from the beginning has been to move with urgency to help build the human and physical capacity that is needed to deliver this treatment and then to fund the purchase of AIDS drugs to be used in providing this treatment at the most cost-effective prices we can find, but only drugs that we can be assured are safe and effective.

Patients in Africa deserve the same assurances of safety and efficacy that we would expect for our own families here in the United States. There should not be a double standard. But how to do that has presented some serious challenges. So with our colleagues at the World Health Organization and UNAIDS and the Southern African Development Community, the U.S. Government has been carefully examining this issue and considering alternatives.

Many of the copies of the research-based AIDS drugs that are on the market today in developing countries may very well be totally safe and effective. The challenge stems in part from the fact that they have never been reviewed by any of the world's stringent regulatory authorities, and the same will likely be true of the additional copies of these drugs that will be coming to the market in the days ahead as new companies and particularly indigenous companies enter this market, something that we expect and indeed hope will happen.

Many people and organizations have noted the World Health Organization's prequalification pilot program and have urged that we simply rely on that. We have the highest respect for the World Health Organization and for its program. However, the World Health Organization is not a regulatory authority and does not represent itself as such. And in my conversations with Dr. J.W. Lee, Director General of the World Health Organization, as recently as 2 days ago, he has been very supportive, and has said so publicly, of what we are doing with this new program.

For drugs that are used in the United States, the already existing answer has been FDA approval, whether it is generic drugs or brand name drugs. Now we have a process that every drug company in the world who wants to participate in this program can submit for review to the FDA and do this very expeditiously.

Today the most limiting—

Senator DEWINE. Mr. Ambassador, if you could wrap up.

Ambassador TOBIAS. Okay.

PREPARED STATEMENT

Today the most limiting factor in providing treatment is not the drugs; it is the human and physical capacity in the health care system in Africa. But we are making progress on that and it is now time to get moving with the drugs.

I pledge that the Office of the Global AIDS Coordinator will continue to move with urgency in all that we do, and I appreciate very much the opportunity to be here today.

[The statement follows:]

PREPARED STATEMENT OF HON. RANDALL L. TOBIAS

Mr. Chairman, members of the subcommittee, I am pleased to appear before you to testify in support of the President's Budget request for fiscal year 2005 for global HIV/AIDS, and to report to you on our progress in implementing the President's Emergency Plan For AIDS Relief.

In his State of the Union address last year, President Bush called for an unprecedented act of compassion to turn the tide against the ravages of HIV/AIDS.

The President committed \$15 billion over five years to address the global HIV/AIDS pandemic—more money than ever before committed by any nation for any international health care initiative:

- \$5 billion intended to provide continuing support in the approximately 100 nations where the U.S. Government currently has bilateral, regional, and volunteer HIV/AIDS programs.
- \$9 billion intended for new or expanded programs to address HIV/AIDS in 14 of those countries that are among the world's most affected—with a 15th country to be added shortly. The initial 14 countries account for approximately 50 percent of the world's HIV/AIDS infections.
- And finally, \$1 billion intended to support our principal multilateral partner in this effort, the Global Fund to Fight AIDS, Tuberculosis and Malaria, which the United States helped to found with the first contribution in May 2001.

Today, I am pleased to report that we have made significant progress in beginning to achieve the President's, the Congress's, and the American public's goal of bringing prevention, treatment, and care to millions of adults and children courageously living with HIV/AIDS and replacing despair with hope.

On February 23, just 4½ months after we launched the Office of the U.S. Global AIDS Coordinator, and less than a month after the Congress appropriated fiscal year 2004 funding for the first year of the President's Emergency Plan for AIDS Relief, I announced the first release of funds for focus country programs totaling \$350 million.

This money is being used by service providers who are bringing relief to suffering people in some of the countries hardest-hit by the HIV/AIDS pandemic to rapidly scale up programs that provide anti-retroviral treatment; prevention programs, including those targeted at youth; safe medical practices programs; and programs to provide care for orphans and vulnerable children.

These target areas were chosen because they are at the heart of the treatment, prevention and care goals of President Bush's Plan.

The programs of these specific recipients were chosen because they have existing operations among the focus countries, have a proven track record, and have the capacity to rapidly scale up their operations and begin having an immediate impact.

Our intent has been to move as quickly as possible to bring immediate relief to those who are suffering the devastation of HIV/AIDS.

By initially concentrating on scaling up existing programs that have proven experience and measurable track records, that's exactly what we have been able to do.

With just this first round of funds, an additional 50,000 people living with HIV/AIDS in the 14 focus countries will begin to receive anti-retroviral treatment, which will nearly double the number of people who are currently receiving treatment in all of sub-Saharan Africa. Today, activities have been approved for anti-retroviral treatment in Kenya, Nigeria, and Zambia, and patients are receiving treatment in South Africa and Uganda because of the Emergency Plan.

In addition, prevention through abstinence messages will reach about 500,000 additional young people in the Plan's 14 focus countries in Africa and the Caribbean through programs like World Relief and the American Red Cross's Together We Can.

The first release of funding from the President's Emergency Plan will also provide resources to assist in the care of about 60,000 additional orphans in the Plan's 14 focus countries in Africa and the Caribbean. These care services will include providing critical social services, scaling up basic community-care packages of preventive treatment and safe water, as well as HIV/AIDS prevention education.

U.S. Government staff recently completed reviews of each of the focus country's annual operational plans to be addressed with the remaining fiscal year 2004 appropriation. These plans represent the overall U.S. Government-supported HIV/AIDS prevention, treatment, and care activities in each focus country.

As a result of these reviews, Mr. Chairman, we will be providing to this Committee and other congressional committees the required notification for the obligation of approximately \$300 million in the next tranche of funding from the Global HIV/AIDS Initiative account. In addition to that \$300 million, another \$200 million of funds appropriated to the U.S. Department of Health and Human Services and

the U.S. Agency for International Development will be put to work in the field, bringing to approximately \$850 million the funds already committed to new or expanded programs since the first of the year.

As we make additional awards, the numbers of persons receiving treatment and care will increase substantially. I also expect our efforts to strengthen and expand safe blood transfusion and safe medical injection programs, as well as our efforts to strengthen human and organizational capacity through healthcare twinning and volunteers. And I also expect to place an additional focus on attracting new partners, including more faith-based and community-based organizations that can bring expanded capacity and innovative new thinking to this effort.

Mr. Chairman, as I mentioned, our short-term focus has been putting funding to work in the field quickly and with accountability to ensure that those in need get help as quickly as possible. In addition to these important ideals and the achievement of our treatment, prevention and care goals, in the long term we are focused on strengthening indigenous capacity. We need to ensure that host governments and local organizations are well prepared to fight this deadly disease. Similarly, we need to ensure that our own U.S. Government staff in the field is properly sized to work closely with host governments over the next four years in accomplishing the goals of the Emergency Plan.

But this is only the first step. In fiscal year 2005 we requested \$1.45 billion for the Office of the Coordinator as part of the President's \$2.8 billion request. With these funds we will continue to expand access to care, treatment and prevention and also take the next steps to build the necessary U.S. Government and host country capacity needed for this Initiative. To this end, we are working with HHS and USAID now to create a vehicle to help provide the necessary technical assistance to small indigenous non-governmental and faith-based organizations to become a more integral part of the solution to fighting HIV/AIDS in their country. We are also working with USAID, HHS and other relevant agencies to determine a long-term staffing plan.

As I mentioned, the President's total Emergency Plan request for fiscal year 2005 is for \$2.8 billion, a \$400 million increase over the fiscal year 2004 appropriation—the first year of the Emergency Plan. This request is in keeping with our belief that as the Emergency Plan takes root and is scaled up, additional resources will be needed to effectively deliver assistance. An appropriation of \$2.8 billion will keep the Emergency Plan on the path toward meeting the prevention, treatment and care goals set by the President and the Congress. The appropriation will also maintain U.S. leadership in the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Mr. Chairman, in addition to announcing the first round of funding and preparing to obligate the remaining fiscal year 2004 funds, I also submitted to this Committee and other appropriate Congressional committees in February a comprehensive, integrated, five-year strategy for the President's Emergency Plan for AIDS Relief.

This Strategic Plan is guiding our efforts to deploy our resources to maximum effect:

- We are concentrating on prevention, treatment and care, the focus of the President's Emergency Plan.
- In the 15 focus countries, over the five years of the Emergency Plan:
 - We will help to provide anti-retroviral treatment for two million people;
 - We will contribute to the prevention of 7 million new HIV infections; and,
 - We will help provide care to 10 million people who are infected or affected by the disease in the focus countries, including orphans and vulnerable children.
- We are not starting from scratch. Rather, we are capitalizing on existing core strengths of the U.S. Government, including:
 - Established funding and disbursement mechanisms;
 - Two decades of expertise fighting HIV/AIDS in the United States and worldwide;
 - Field presence and strong relationships with host governments in over 100 countries; and,
 - Well-developed partnerships with non-governmental, faith-based and international organizations that can deliver HIV/AIDS programs.

Starting with this foundation, we are implementing a new leadership model for those existing capabilities—a model that brings together, under the direction of the U.S. Global AIDS Coordinator, all of the programs and personnel of all agencies and departments of the U.S. Government engaged in this effort. This leadership model has been translated to the field, where the U.S. Chief of Mission in each country is leading an interagency process on-the-ground. In addition to the work that has been done to develop the programs for fiscal year 2004 that we are or soon will be funding, in early fall each country team will submit to my office a unified five-year

overarching strategic plan to define how the President's prevention, care and treatment goals will be achieved in that country.

The Emergency Plan is built on four cornerstones, which guide my office:

1. Rapidly expanding integrated prevention, care, and treatment in the focus countries by building on existing successful programs that are consistent with the principles of the Plan—as we have already begun with the \$350 million announced in February.

2. Identifying new partners, including faith-based and community-based organizations, and building indigenous capacity to sustain a long-term and broad local response.

3. Encouraging bold national leadership around the world, and engendering the creation of sound enabling policy environments in every country for combating HIV/AIDS and mitigating its consequences.

4. Implementing strong strategic information systems that will provide vital feedback and input to direct our continued learning and identification of best practices.

Within that framework, we are striving to coordinate and collaborate our efforts in order to respond to local needs and to be consistent with host government strategies and priorities.

In addition, we intend to amplify our own worldwide response to HIV/AIDS by working with international partners, such as UNAIDS, the World Health Organization, and the Global Fund, as well as through non-governmental organizations, faith- and community-based organizations, private-sector companies, and others who can assist us in engendering new leadership and resources to fight HIV/AIDS.

Since my confirmation seven months ago, I have had the opportunity to visit many of the countries in which we are focusing our efforts, including South Africa, Uganda, Kenya, Botswana, Zambia, Namibia, Rwanda, Ethiopia, and Mozambique. I'll be leaving in a few days for a visit that will include Nigeria, Cote d'Ivoire and Tanzania.

In these visits, I have witnessed how these countries have responded, in whatever way they can, to fellow community members in need. As we embark on this effort, it is inspiring to observe the remarkable self-help already under way in fighting HIV/AIDS by some of the most under-resourced communities in the world. With our support, we hope to broaden, deepen and sustain their efforts to combat the devastation of HIV/AIDS.

That is why getting the first wave of funding released quickly after the appropriation was so critical, and I appreciate the Congress's assistance in ensuring that was able to happen. I again seek your support in ensuring that we are able to quickly move the additional resources about to be sent up so we can respond with the urgency these individuals in need require.

Finally, Mr. Chairman, I would like to say a few words about our policy to procure anti-retroviral drugs under the Emergency Plan—a topic that has generated a significant amount of interest.

I have consistently and repeatedly expressed our intent to provide, through the Emergency Plan, AIDS drugs that are acquired at the lowest possible cost, regardless of origin or who produces them, as long as we know they are safe, effective, and of high quality. These drugs may include brand name products, generics, or copies of brand name products.

To define the terms here, when you or I go to our neighborhood pharmacy and have a prescription filled with a generic drug, we do so with the confidence that we are being given a drug that has undergone regulatory review to ensure that it is comparable to the version manufactured by the research-based company that originally created it, but no longer has the patent rights to the product. It is the same drug in dosage form, strength, route of administration, quality, performance characteristics, and intended use. Drugs that have not gone through such a process are more accurately described as copy drugs rather than generics, as they are sometimes called.

This past Sunday, Health and Human Services Secretary Tommy Thompson and I held a joint press conference in Geneva where the World Health Assembly is currently taking place. Our purpose was to make two very important announcements that impact on these issues.

First, Secretary Thompson announced an expedited process for FDA review of applications for HIV/AIDS drug products that combine already-approved individual HIV/AIDS therapies into a single dosage. These combined therapies are known as fixed dose combinations or FDCs. Drugs that are approved by FDA under this process will meet all FDA standards for drug safety, efficacy, and quality.

This new FDA process will include the review of applications from the research-based companies that developed the already-approved individual therapies and want to put them into fixed dose combinations, or from companies who are manufacturing

copies of those drugs for sale in developing nations. There are no true generic versions of these AIDS drugs because they all remain under intellectual property protection here in the United States.

For my part, I announced that when a new combination drug for AIDS treatment receives a positive outcome under this expedited FDA review, the Office of the Global AIDS Coordinator will recognize that result as evidence of the safety and efficacy of that drug. Thus the drug will be eligible to be a candidate for funding by the President's Emergency Plan, so long as international patent agreements and local government policies allow their purchase. Where it is necessary and appropriate to do so, I will also use my authority to waive the "Buy American" requirements that might normally apply.

The issue of determining the safety and efficacy of the copy drugs is, in some ways, a positive problem to have. Many have argued over the years that bringing antiretroviral therapy to places like Africa on a large scale could never happen—that the problems were too complex. Well they were wrong. It is happening now—today.

Because of the President's Emergency Plan For AIDS Relief, and with the partnerships between this initiative and those who are directly delivering treatment—the NGO's and faith-based organizations, the medical care-givers and the health-care delivery facilities of the governments of these nations themselves, just a few short months after launching the President's Emergency Plan, we have already increased by thousands the numbers of patients suffering from HIV/AIDS who are now on life-extending ARV treatment.

Thanks to the generosity of the American people as well as a growing number of donor nations, the donors to the Global Fund and other multi-lateral sources, companies in the private sector, private foundations and others, as the human and physical capacity to deliver AIDS treatment is scaled up to make it possible, millions more patients will follow those who are already receiving this life extending therapy.

Drug availability will also need to be scaled up to an unprecedented level in order to fuel this newly expanded treatment capacity. It is in large part because the President's Emergency Plan for AIDS Relief has made such a dramatic commitment to making drug treatment available that issues of safety need to be addressed on an entirely new scale. With such a massive expansion of ARV treatment, the stakes have increased.

If we don't apply appropriate scientific scrutiny to this vastly expanded flow of AIDS medicines, we will run the risk of causing the HIV virus to mutate and overcome specific drugs or even whole classes of drugs. That could render our current drugs useless—and, incredibly, it could leave Africa even worse off than it is today. That's why getting this right at the outset is so important and requires great care.

Our commitment, from the beginning, has been to move with urgency to help build the human and physical capacity that is needed to deliver this treatment, and then to fund the purchase of AIDS drugs to be used in providing this treatment, at the most cost effective prices we can find—but only drugs that we can be assured are safe and effective. Patients in Africa deserve the same assurances of safety and efficacy that we expect for our own families here in the United States. There should not be a double standard. But how to do that has presented some serious challenges. With our colleagues at the WHO, UNAIDS, the Southern African Development Community, and many others, the U.S. Government has been carefully examining this issue—and considering alternatives.

Many of the copies of the research-based AIDS drugs that are on the market today in developing countries may well be safe and effective. The challenge stems in part from the fact that they have never been reviewed by any of the world's stringent regulatory authorities. And the same will likely be true of the additional copies of those drugs that will surely be coming on the market in the days to come, as new indigenous companies enter this market—something we expect and hope will happen.

Many people and organizations have noted the World Health Organization's prequalification pilot program and have urged that we simply rely on it. We have the highest respect for the WHO and its program. However, the WHO is not a regulatory authority and does not represent itself as such.

For drugs that are used in the United States, the already existing answer to ensuring safety and efficacy is simple: both research-based companies and generic companies submit their products to the U.S. Food and Drug Administration for review and approval. What FDA has announced is a process that will not only make it possible, but relatively fast and easy, for every manufacturer to now submit their AIDS drugs to that same scrutiny, including those that will only be made available in developing countries. If those drugs meet the appropriate standards—as we hope

many or all will do—they can then be approved for potential funding by the President's Emergency Plan.

I hope that FDA will receive applications as soon as possible from many companies that will want their drugs to be candidates for U.S. funding for use in the treatment programs of the President's Emergency Plan. If this process enables us to get safe and effective drugs at lower prices than we do now, that would indeed be a great success.

Today the most limiting factor in providing treatment is not drugs—it is the human and physical capacity in the health care systems of Africa. The continent is desperately short of health care infrastructure and health care workers. Both are needed in order to deliver treatment broadly and effectively. We find that African leaders and African AIDS advocates are quite focused on addressing this limitation—because they know that all the drugs in the world won't do any good if they're stuck in warehouses with no place to go to actually be part of the delivery of treatment to those in need.

But as we successfully attack that issue and Africa's capacity to deliver drug treatment grows, drug availability will become an increasingly significant constraint on treatment. We can't let that happen.

For our part, I pledge that the Office of the Global AIDS Coordinator will continue to move with urgency in all that we do. President Bush has made clear to me that this is an emergency at the top of the list of America's priorities. We will act accordingly.

Mr. Chairman, I am grateful for this Committee's resolve to defeat the HIV/AIDS pandemic. Your leadership and support has facilitated the speed with which we are responding to people in need, and that commitment will ensure our success—success that will be measured in lives saved, families held intact, and nations again moving forward without the shadow of this terrible pandemic.

I would be pleased to respond to any questions you may have.

Senator DEWINE. Mr. Ambassador, let me turn to the prevention of mother-to-child transmission issue. Fiscal year 2004 is actually the last year of this program. My understanding is that your plan is that beginning with fiscal year 2005 the budget does not provide any specific line item for this and that this program would be incorporated actually under your office.

I wonder if you could tell us what you are anticipating for this program, how much you are looking at spending under your office, and what your plans are for the non-initiative countries for this program?

Ambassador TOBIAS. Senator, the prevention of mother-to-child transmission program has been very important, not only in treatment terms but also one could argue in orphan terms. I think you could make the case that the most effective orphan program we can have is keeping the mothers alive so that we do not have the orphans. The program to prevent mother-to-child transmission has been very effective. It is relatively inexpensive and it is a program that we will expand, not only in the countries in the program where it exists but well beyond that as we can.

We are now going to something that is generally referred to as the mother-to-child transmission plus program, in that the mother-to-child transmission program per se really focused on protecting the health of the child and ensuring that when the baby was born the odds were improved that the baby would be infection-free. But what about the mother, what about the father, what about the siblings that are in that family? So the mother-to-child transmission plus program will begin to address those, too.

This program, as you know, was started in the countries that became the focus countries. I think it gave us an important jump start on getting the emergency plan implemented. I would hope that we can find ways to take the lessons that we are learning in

the focus countries and begin to expand those lessons into the so-called non-focus countries as we go forward and as funding permits.

Senator DEWINE. The plus program is certainly a wonderful idea and I think we all understand how important it is to keep the mother alive and keep the mother there for the children. I guess the concern would be that that prevents us—that focus might—you know, these are tough choices—might prevent us from moving forward into other communities and to other areas and expanding the mother-to-child program.

What are the tradeoffs here? Let us be honest. What are we talking about?

Ambassador TOBIAS. Well, you are exactly right with respect to the issue of tradeoffs. There are tradeoffs virtually everywhere we look.

Senator DEWINE. I mean, the mother-to-child program can be a fairly cheap program if you have got the infrastructure to implement it. It certainly is cheap as far as what the drugs cost if you can get the infrastructure going.

Ambassador TOBIAS. I certainly do not anticipate that we are talking about an either-or situation here. I think that we need to, as you suggest, expand the mother-to-child transmission program, but with the building of increased infrastructure and the capabilities that we are putting in place I also believe that we can expand that into the mother-to-child plus program also.

Much of what we do will be driven by the policies that are established by the health officials and the government leaders in each of the countries in which we operate, and we need to pay close attention to that.

Senator DEWINE. Let me move to another area because I have one last question and my time is almost up. Let me move to the pediatric treatment, which I touched on in my opening statement. How does the President's 5-year strategy incorporate the special needs of children who are infected with HIV and require HIV treatment? What is the administration going to do to ensure that all HIV/AIDS drugs are available for pediatric use? And what is the administration going to do to ensure that both pediatric professionals and other HIV/AIDS workers have the necessary information and training to treat children infected with HIV/AIDS?

Ambassador TOBIAS. I think you are very correct, Senator, that not only in this field but in other fields the amount of pediatric-specific research that has been done has been too little, and we clearly need more in this field. I will rely on the medical experts and the technical experts as to exactly how we need to address this, but we do need to expand the care to HIV-infected young people.

But again, the best answer to that is the mother-to-child transmission program and things like that to keep that infection from going—

Senator DEWINE. No doubt about it, it is the most cost-effective and we can save the most lives with the mother-to-child. But still, every country I visited—and I visited a number of them—we have got kids out there who are dying and there are kids out there who

could be saved if we could get the treatment to them, and we do not want to forget them.

Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

As you may have gathered by some of the demonstrators here this morning, there is some concern on the question of generic drugs. For months you had said: "There is no process, no principles, no standards in place today," to assure the safety of generic fixed-dose combinations manufactured overseas. Now, many health experts and the World Health Organization disagreed with you.

Now we have a new review process. How do you answer the fact that it appeared the review process came up after U.S. companies were interested in manufacturing their own fixed-dose combination drugs? And even then, how long is it going to take for this review process? I am just wondering if we have just one more unnecessary obstacle to getting these drugs out to the people who need them desperately.

Ambassador TOBIAS. Well, Senator, first let me say that the World Health Organization does not present their prequalification program to be the equivalent of regulatory review. I would simply refer to the statement that has been released by Dr. J.W. Lee, the head of the World Health Organization, in total support of the program that we are putting in place to review these drugs.

Senator LEAHY. When will we have the drugs out there?

Ambassador TOBIAS. The FDA tells me that if, for example, companies are applying today, which they could, that in some cases approval could be received in as little as 2 weeks. In some cases it could be 6 weeks or so, depending on the data. Then it will depend on the programs in individual countries. But we will be certainly ready to go.

Senator LEAHY. Would we have gone to a generic fixed-dose combination if American drug companies had not shown an interest in producing it themselves?

Ambassador TOBIAS. Well, the announcement that I have read in the media, as you have, from the American companies, came after we announced this program, which we have been working on with the FDA for some time. I have said on a number of occasions that we are totally in favor of fixed-dose combinations. The issue has never been whether fixed-dose combinations are good or bad. I do not think there is any question with anybody that they are good because they make it easier for doctors to administer the program and patients to adhere.

Senator LEAHY. I am just trying to see what this is. This is today's New York Times and, for what it is worth: "A WHO official familiar with both his agency's approval process and the outlines of the proposed American one said, 'Although the United States has not exactly been in love with our prequalification process, they are now going to do exactly the same. If they want to create a parallel structure and do a good job, that is fine.'"

Let me ask you this—and I will put the whole article in the record. Over the next 5 years, you say you hope to prevent 7 million new HIV/AIDS infections. We all agree that would be a great achievement. There are 5 million new ones each year. So even if

you succeed, there will be at least 18 million new infected people by the end of 5 years, 2.5 times the number we have prevented.

I raise this because in my opening statement you remember I mentioned the issue of absorptive capacity, what can we do. How did you come up with the number \$2.8 billion for fiscal year 2005? Could we not be doing a lot more? Because it seems to me we are in some ways chasing after the train. We are not keeping up with even the rate of infection, to say nothing about helping those who are direly in need.

I am told by so many that we have the capacity, if the money was there, we have the capacity to do more. We have private organizations, private groups. The Gates Foundation did a lot more on this than the United States was willing to initially.

[The information follows:]

[From the New York Times, Tuesday, May 19, 2004]

VIEWS MIXED ON U.S. SHIFT ON DRUGS FOR AIDS

(By Donald G. McNeil Jr.)

AIDS activists and doctors who treat patients in poor countries greeted the Bush administration's shift in its policy on procuring AIDS drugs with mixed reviews yesterday.

Many were delighted that the administration had decided to buy anti-AIDS cocktails that combine three drugs in one pill, and that it for the first time was willing to consider buying drugs from low-cost generic manufacturers, who are now the only companies making 3-in-1 pills.

"I think it's fabulous," said Dr. Merle Sande, who treats 4,000 AIDS patients in Uganda, most of whom cannot afford drugs. Most of those who can are on Triomune, a 3-in-1 pill from Cipla Ltd., an Indian company. Three-in-one drugs, he said, "are exactly what we need out there."

At the same time, some activists expressed frustration that the White House had set up a new approval process overseen by the United States Food and Drug Administration when one overseen by the World Health Organization already existed.

"This just another roadblock," said William Haddad, an American generic manufacturer who now consults for Cipla. "The W.H.O. process was a pain in the neck—it took us two years to get Triomune approved. Why do we have to bend over and let them kick us again?"

Henry A. Waxman, a Democratic Los-Angeles area congressman who has harshly criticized the Bush administration's previous refusal to spend money on generic drugs said yesterday that he was "disappointed that the plan does not involve cooperation with the World Health Organization."

"We need to see the fine print before we can tell if the new process will actually improve access to these affordable, effective drugs," he said.

Even though the administration indicated that it would waive the usual \$500,000 fee for approving a drug and will let companies submit published data instead of starting new clinical trials, any new approval process involves reams of paperwork, legal expenses and time, critics said.

The World Health Organization had no official reaction yet to the decision, a spokeswoman said.

But a W.H.O. official familiar with both his agency's approval process and the outlines of the proposed American one, speaking on condition of anonymity, shrugged off the problem. "Although the United States has not exactly been in love with our prequalification process, they are now going to do exactly the same," he said. "If they want to create a parallel structure and do a good job, that's fine."

The official questioned how Tommy G. Thompson, the secretary of health and human services, could promise to approve new drugs in as little as two to six weeks unless it simply accepted all the data submitted to the W.H.O. "For us, even if everything is perfect, it takes a minimum of three months," he said.

Dr. Mark Goldenberger, director of the Food and Drug Administration's office that evaluates drugs for infectious diseases, said that "two weeks would be at the extreme short end" and would probably apply only to something like putting three already-approved drugs in one plastic blister pack, because all the agency would look at was the packaging.

Asked if the F.D.A. would accept information gathered by W.H.O. inspectors, Jason Brodsky, an agency spokesman, said that there was not any agreement allowing it, "but we would be willing to consider any information that we got from other countries in deciding whether or not we'd inspect."

On Sunday, as health ministers from around the world were gathering in Geneva for their annual meeting, the Bush administration made a surprise announcement that it would speed up its approval process for AIDS drugs to be bought for very poor countries and would consider generic drugs, 3-in-1 pills and letting different companies package their drugs together. The administration had been expected to face heavy criticism at the weeklong meeting for its previous reluctance to approve generic AIDS drugs.

Some companies appeared to have been told of the administration's announcement in advance. Merck, Bristol-Myers Squibb and Gilead Sciences immediately issued a joint statement saying they planned to develop a 3-in-1 pill. GlaxoSmithKline and Boehringer Ingelheim said they were discussing packaging three of their drugs together.

"Obviously, they had inside information," complained Dr. Paul Zeitz, director of the Global AIDS Alliance, which pushes for cheaper AIDS drugs for the third world. "That calls into question the honest broker role' of the U.S. government."

Ambassador TOBIAS. Senator, I think there is no question that the magnitude, the broad magnitude of this problem, goes well beyond the resources and the focus of the President's emergency plan. I do not think the emergency plan was intended to attack the entire problem. We need to get more resources and more participation from other people in the world.

In 2003 the contributions of the U.S. Government for international HIV/AIDS totaled more than the rest of the world's governments combined. We are on a path so that in 2004 our contributions may well be close to twice as much as the rest of the world combined. So we are doing a lot, but the rest of the world needs to do more.

I think the issue is not where do these dollars fit in with the magnitude of the problem. It really is can we efficiently and effectively absorb the resources that we are bringing to bear and use them as well as possible, and I think reasonable people can disagree. But we are moving pretty quickly, and I think we will know more in the months ahead.

Senator LEAHY. My time is up, but I wonder if the chairman would allow me one more question here. And we should carry on that conversation.

Ambassador TOBIAS. Yes, sir.

Senator LEAHY. Because I believe we could be doing a lot more than we are, and I believe we have set some artificial barriers to doing more.

But I looked at an editorial today saying that the administration feels condoms are not effective in preventing the spread of HIV in the general population. I mentioned in my opening statement the 15-year-old African girl. "On average, adolescents become sexually active at 16 to 17 years of age, some even younger. In some African countries, infections among women are rising fastest among those who are married. Sexual abuse and coercion within marriage is widespread."

I mean, how long do you have to wait to receive accurate information about the importance and effectiveness of condoms in preventing AIDS? You have taken—I understand this was taken off, this information was taken off the CDC and USAID web sites. How do we answer these questions?

They say, in the editorial, it says: "Randall Tobias, its AIDS Coordinator, has said numerous times that condoms are not effective at preventing the spread of AIDS in the general population." The editorial goes on to say: "Mr. Tobias is wrong."

Here is your chance to respond.

Ambassador TOBIAS. Senator, here is the report in my hand from the London School—

Senator LEAHY. School of Hygiene and Tropical Medicine.

Ambassador TOBIAS [continuing]. The London School of Hygiene and Tropical Medicine, which allegedly does not exist. And it says exactly what I have said before, that in their study less than 7 percent of women used a condom in their last sex act with their main partner; less than 50 percent of women with casual partners used a condom.

There is a new study from—

Senator LEAHY. Less than 50 percent do; does that mean that, say, 40 percent or so do?

Ambassador TOBIAS. Well, this is again a study in a broad-based population. But the point is—and let me make just one more reference. There is a new UNAIDS study out that was peer-reviewed by the Population Council's peer review process, and just one quote from that: "There are no clear examples that have emerged yet of a country that has turned back a generalized epidemic primarily by means of condom promotion."

Senator LEAHY. Primarily, primarily.

Ambassador TOBIAS. Yes.

Senator LEAHY. Do you believe they should be withheld—

Ambassador TOBIAS. No.

Senator LEAHY [continuing]. From 15- or 16-year-olds?

Ambassador TOBIAS. No, absolutely not. Our program is A, B, C.

Senator LEAHY. Absolutely not. A 15-year-old, it would not be withheld?

Ambassador TOBIAS. The person that you described earlier, as I understood your description, would be someone that ought to have condoms available. I was in an area in northern Kenya recently where the incidence rate in 15- to 24-year-old girls is 24 percent and it is 4 percent in boys. But the evidence is that is not going to solve the problem, and we need to do a number of other things. That is why we are putting a lot of emphasis on the messages that Uganda has proven can be effective by getting young people to understand that if they delay the age at which they become sexually active and then if people who become sexually active reduce their number of partners, hopefully to one, those are the two factors that have been demonstrated to make a big difference.

But condoms are an important part of our program.

Senator LEAHY. It would also help if that woman who reduces it to one, if her partner had reduced it to that one, too. Often that is not the case.

Ambassador TOBIAS. Well, and that is where testing is so critically important. You are absolutely right.

Senator LEAHY. Thank you, Mr. Chairman.

OPENING STATEMENT OF SENATOR MITCH MC CONNELL

Senator McCONNELL [presiding]. Thank you, Senator Leahy.

The President's HIV/AIDS initiative is focused on 14 countries in Africa and the Caribbean. Congress added an additional country in the fiscal year 2004 Foreign Operations bill. Have you identified the fifteenth focus country and what criteria are you using to select that country?

Ambassador TOBIAS. Senator, we have not identified the country yet. I have gotten input from a variety of sources throughout the government and beyond. We identified 39 candidate countries that anybody could think of. We put together a list of criteria looking at the infection rate, the health care system, the national leadership, which is a critically important issue, and how helpful the leadership could be and so forth.

We are in the process of getting that down to a very short list and I am hoping that in a relatively short time we will be in a position to make that selection.

Senator McCONNELL. Some have expressed concern that the administration is actually shortchanging countries that are not on the focus list of 15 and that more should be done to address rising infection rates in certain non-focus countries. Do you have any response to those criticisms? And are non-focus countries targeted for increases in bilateral assistance next year?

Ambassador TOBIAS. Senator, one of the important principles of the President's program is focus. It is to try to keep this from being an inch wide—or an inch deep and a thousand miles wide and not really being able to make an impact.

But we also need to recognize that this is not a disease that respects political boundaries. So we need to do what we can in the so-called non-focus countries. I am looking for some ways to shift at least some amount of resources into some of the non-focus countries that are being hit the hardest. But I think it is very important that we not lose sight of the focus aspect of this program, because the focus countries really represent 50 percent of the infections in the world and I think it is very important that we make a major impact there.

Senator McCONNELL. I agree.

The fiscal 2005 budget request for a contribution to the Global Fund to Fight AIDS, Tuberculosis, and Malaria is \$200 million. In the fiscal year 2004 Foreign Operations bill Congress provided not less than \$400 million as a contribution to the Fund, which was \$200 million above the request.

Has the congressionally mandated increase leveraged additional contributions from other donors? How can we get, for example, donors like Russia—\$20 million, Saudi Arabia—\$10 million, and Singapore—\$1 million—to contribute more?

Ambassador TOBIAS. Well, I think there are a number of ways we can do that. One of them is leadership. I have asked the President to mention this subject every time he has the opportunity. The Secretary of State is doing the same thing. I think the work that Bono is doing to draw attention to this and encourage the rest of the world to step up to this is extremely important, because we need to make this a program that gets broad support from all governments.

Senator McCONNELL. Do you think Congress should provide \$400 million for the Global Fund next year? And if we did that, do you

anticipate U.S. contributions exceeding 33 percent of the total amount contributed to the fund?

Ambassador TOBIAS. Mr. Chairman, the amount that the President has requested in his budget of \$200 million is consistent with the original \$15 billion proposal. This is one of those arguable tradeoff areas in the sense that the incremental difference between what the administration requested and what was appropriated to the Global Fund is money that might have been available for us to use to focus on the non-focus countries.

So it is a matter of the tradeoffs of how we want to do that. The Global Fund is a very important part of our overall strategy.

Senator McCONNELL. Is it being effective, yielding results out in the field?

Ambassador TOBIAS. Well, it is new. It is only 2½ years old. They are experiencing the kinds of growing pains that would be expected. We are putting money into technical support in countries where the Global Fund is issuing grants in order to try to help those countries, first of all, be more effective in writing their grant proposals to the Global Fund, and then in utilizing and implementing the resources that come from the Global Fund.

PREPARED STATEMENT

Senator McCONNELL. I have great hope for the Global Fund over time. But again, it is relatively new and it is just getting started.

Thank you, Mr. Ambassador.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MITCH McCONNELL

Today, HIV/AIDS is recognized as a significant transnational crisis that poses an immediate and growing threat to social, economic and political stability across the globe. While it may be expedient to frame the pandemic in geopolitical terms, it is far more difficult—indeed horrific—to comprehend the devastation of the virus in personal, human terms.

The statistics are staggering. As many as 46 million people live with HIV/AIDS today, and an estimated 20 million have already perished from complications of the virus. Last year alone, 5 million people became newly infected, and 3 million died from AIDS complications.

This viral holocaust creates widows and orphans and destroys entire families. It is especially brutal to youth, and saps the hope and promise of future generations. If left unchecked in developing countries, it is conceivable that HIV/AIDS will destroy entire societies, economies and political systems.

Under President Bush's leadership, America has significantly increased its contributions to combating this disease. Over a five year period, we will contribute a total of \$15 billion to HIV/AIDS programs and activities. Fifteen countries, primarily in Africa and the Caribbean, are the main focus of this initiative, although funding will continue to some 100 countries where we have ongoing programs, and to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

There are no shortages to the challenges in successfully managing this disease. Some argue that we—and other nations—should spend more on HIV/AIDS, and that we shortchange the cause by not providing the \$3 billion authorized by Congress in the AIDS bill.

Perhaps America should spend more, but that will ultimately be determined by fiscal constraints. I would point out, however, that last year's budget request for HIV/AIDS programs exceeded the total amount provided from fiscal years 1993 through 2001. Further, the President's plan gradually increases spending over the five year period so that beginning in fiscal year 2006, the budget request exceeds \$3 billion and tops nearly \$4 billion in fiscal year 2008.

Funding alone is not enough. To stem the tide of HIV/AIDS, nations must have committed leadership, the most basic health care delivery systems, and the capacity

to absorb substantial assistance targeted toward the health and welfare of all people—regardless of ethnic, tribal, political, gender, or religious affiliation.

It will be an uphill battle. Of the 12 focus countries included in the Transparency International Corruption Perception Index 2003, only one—Botswana—is above a half-way mark of five. Nine countries rated below a three. In 2003, Freedom House scored only four focus counties as “free”—seven were rated “partly free” and three “not free”.

“A business as usual” approach by focus countries will only translate into more lost lives and greater tragedy for millions of people. Many stand ready to help, including such faith-based organization as Lott-Carey International (LCI). I strongly encourage the Coordinator’s office to use the experience and indigenous contacts that LCI and other groups bring to this effort.

Let me close with brief comments on Burma and South Africa—countries which represent the range of freedom in the developing world. In Burma, a military junta daily abuses and denies the rights of its citizenry, including access to even the most basic health care and medicines. While we may not accurately know the extent of the HIV/AIDS infection rate in Burma, we do know that the pandemic cannot be addressed by an illegitimate regime that places the welfare of the people far below the acquisition of Russian MiGs, nuclear reactors and money laundering.

In South Africa, a country whose journey toward democracy has been nothing but inspirational, the lack of political will by the Mbeki government to address the HIV/AIDS pandemic head-on has wasted precious time in stemming the tide. South Africa’s heroes are the health care workers at the grassroots level; the current government must be willing to partner with them—and available science—to combat the disease.

It is my hope that in the future President Mbeki will be as vigilant on this issue as both our witnesses here today.

Senator McCONNELL. Senator Durbin.

OPENING STATEMENT OF SENATOR RICHARD J. DURBIN

Senator DURBIN. Mr. Ambassador, thank you very much.

Sometimes I get the impression that different rooms on Capitol Hill are really living in different worlds. Last week we entertained people from the administration who, having told us in February they would need no additional funds for the war in Iraq, had a different point of view and came to tell us that they needed \$25 billion and then, Assistant Secretary Wolfowitz said, maybe \$50 billion on an emergency basis.

The reasoning was hard to argue with. They said the war is not going well, our national interests are at stake, we cannot turn our back on our commitments, and we cannot turn our backs on people whose lives are at stake as well.

I might say the same thing about the global AIDS epidemic. That war is not going well either, our national interests are at stake, we cannot turn our back on our commitments, there are people who have their lives at stake.

As I look at the administration, I thought that the President’s announcement a little over a year ago of a \$15 billion commitment was historic, receiving broad bipartisan support. His first budget request, the first of the 5 years was \$2 billion. With the kind efforts of Senator DeWine and my colleagues, we raised that to \$2.4 billion on the floor.

Then came this year’s budget request of \$2.8 billion, still short of the mark of keeping up with the \$15 billion commitment. With Senator Lugar and Senator DeWine and others, we brought this up to \$3.3 billion in the budget resolution.

But, going to a point that Chairman McConnell raised, how can we rationalize or justify such a dramatic decrease in our commitment to the Global Fund? You received a letter from Dr. Feicham

on March 25 of this year and he made it clear that the amount that we are talking about appropriating for the Global Fund is dramatically inadequate. For this effort to reach its goal and to save lives across America, he believes \$1.2 billion is needed from the United States.

I think good evidence is there to support that position. Why do you feel that, instead of increasing our commitment to the war on AIDS, that we can start retrenching and pulling back in this next fiscal year?

Ambassador TOBIAS. Well, Senator, the budget request for 2005 is in fact the same amount that the administration requested in the previous year and that is reflected in the billion dollar component of the first \$15 billion request. I am very supportive of the Global Fund, but I am also very supportive of the President's emergency plan. I want to be sure that we are not making tradeoffs that get in the way of our doing the things that we are demonstrating we can do of getting the money out and getting it to work very quickly.

Dr. Feachem is talking about the broad need out there. I think we need to focus on the money we are getting out the door today and next month and in the next year.

Senator DURBIN. So do you think he is overstating his need for next year?

Ambassador TOBIAS. No, I do not think he is overstating the need, but he may be overstating the ability to utilize those funds that quickly. But again, I want to make clear that the Global Fund is certainly a very important aspect of our overall strategy.

Senator DURBIN. I would say, Ambassador, that that is a fundamental error of this administration. I believe it is important for us to maintain our bilateral commitment to the 14 nations, ultimately 15. But the Global Fund is serving a large part of the world that we are not addressing with bilateral assistance. I have seen that part of the world—India for example, desperate to see their Global Fund projects not only initially authorized, but carried on. When we fall so far short of what is needed, it is going to mean a cutback on fighting this epidemic in India.

Let me also address the cutbacks in the budget relative to TB and malaria, a cutback of some \$46 billion. I have been to India just a few weeks ago to see DOTS, the Direct Observed Therapy, and it is done on the cheap. I saw it in a shoe store in one of the poorest neighborhoods in New Delhi.

How can we, in light of the fact that TB is such a killer and linked so many times to HIV/AIDS, how can we rationalize or justify cutting back in our commitment to TB and malaria?

Ambassador TOBIAS. Well, TB and malaria are very important components of the program. Testing people who have HIV to determine whether or not they have TB and can be put into TB programs is a very important component of this. We do need to stay very focused on TB and malaria.

Senator DURBIN. We need more than focus; we need money. Focus is good; money is better. In this situation, a little bit of money goes a long, long way. Ten dollars for the therapy to deal with tuberculosis, and the observation of a shoe store owner of a person taking their medicine has created a health infrastructure

which nobody knew could exist in this country, this vast country of India.

I am just troubled by the fact that with such facility we talk about \$25 billion more here and \$50 billion more there, and when it comes to these issues of the war on AIDS and the war on tuberculosis, frankly, we are talking about a hollow army and a hollow commitment. I think we can do better. I think the President called on us to do better. But frankly, the President's rhetoric is not matched by his budget numbers, and people will die as a result of that.

Ambassador TOBIAS. Well, we are very much on a path to meet the President's commitment of \$15 billion over 5 years and we are implementing the needs in people and infrastructure in a very aggressive way. I think as we get more health care system improvement in place we are certainly going to be able to implement more quickly.

Senator DURBIN. My last point—thank you for your forbearance, Mr. Chairman—is that is an argument I categorically reject, and here is how it goes: We cannot give them the money; they do not have the health infrastructure. Well, how do you get the health infrastructure? You start training people to be doctors and nurses and medical professionals. You start setting up clinics.

How are they going to do that? Is this supposed to spring just automatically? I think we have to invest in the infrastructure to deliver the drugs, to bring the people in, to monitor their activity, for public education. To say we are going to wait on the infrastructure before we send the money means basically we may not ever send the money.

Ambassador TOBIAS. Well, we are not waiting on the infrastructure. That is exactly where the initial money is going, is to help build the health care systems and the infrastructure. The greater operating expense going forward is going to be the things that we put into that system.

But there is no question that the magnitude of this problem is well beyond what this program is focused on and we need to get more help from everybody that we can find that will provide help.

Senator DURBIN. Thank you.

Senator McCONNELL. Thank you, Mr. Tobias.

Thank you, Senator Durbin. We are going to complete your appearance right now, Mr. Tobias. Any Senators who wish to submit questions in writing, may do so. We have a vote at 11:30, so what I am going to do is to have a very short recess. We are going to catch the vote. We will come back and have the second panel as soon as I return, which will be shortly.

Senator LEAHY. Mr. Chairman.

Senator McCONNELL. Senator Leahy.

Senator LEAHY. If I might, there will be questions for the record. I would just let Ambassador Tobias know that one question I will ask, and I really want a straight answer on this, is that we have been told that even though the administration's own experts have rated some of the faith-based organizations very, very low as to their abilities, they are getting preference for funding.

I have some faith-based organizations I feel highly about. But what I feel most urgently is to do something to stop AIDS, and I

do not want to think, with all the money we are doing, that it is being passed out as a political goodie. So look at my question. It is a very, very serious one.

Senator McCONNELL. All right. We thank you, Mr. Tobias. We will take a brief recess and then resume the hearing shortly.

**STATEMENT OF BONO, FOUNDER OF DATA, DEBT AIDS TRADE AFRICA
ACCOMPANIED BY AGNES NYAMAYARWO, NURSE AND AIDS ACTIVIST,
UGANDA**

Senator McCONNELL. This hearing will resume.

Our second witness needs no introduction. In this town he is known as much for his music as he is for his work on behalf of HIV/AIDS and debt relief. He is an effective spokesman for these causes and his political skills are as good as any on this sub-committee, perhaps even better.

So welcome, Bono. I understand that with you is Ms. Agnes Nyamayarwo, a nurse and AIDS activist from Uganda. I will leave the formal introduction of her to you, but I would request Ms. Nyamayarwo take a seat next to Bono, if you will. We want to give our colleagues an opportunity to ask questions to someone whose personal insights will undoubtedly be very, very helpful.

Before you make a brief opening statement, let me take a moment to thank you for your eloquent description in Time magazine, Bono, of a woman we both admire and support, Burmese democracy leader Aung San Suu Kyi. Last week she, the National League for Democracy and ethnic nationalities made the courageous and correct decision to boycott the junta's sham constitutional convention in Rangoon.

I unabashedly use this opportunity, while the spotlight shines on a high-profile activist such as yourself, to highlight her plight. At this critical moment she and the people of Burma need the world's attention and support. I am pleased that the United Nations, the European Union, Japan, Malaysia, and Thailand have expressed concern with the regime's unwillingness to move forward in a meaningful reconciliation process with the NLD and the ethnic minorities.

The Burmese people should find encouragement from these remarks. As we approach the anniversary of Burma's 1990 elections and last year's massacre, which almost took Suu's life, I would urge my colleagues in both the Senate and House to quickly renew import sanctions against the junta. Bono, I know you agree that we cannot fail Suu Kyi or freedom in Burma.

Senator Leahy will be back shortly and I will allow him to make his comments then. I think what we will do is proceed, Bono, with your opening remarks.

BONO. Thank you very much. Thank you very much, Chairman McConnell. It is an honor to be asked to share my thoughts today. I would like to thank friends Leahy, DeWine, and Durbin. When they come back I will. They have shown great leadership on this subject and, I have to say, patience in dealing with a rock star, and a rock star who asks for a seat at your distinguished table, then refuses to leave. And frankly, there is a lot of people who wish I had stayed in the studio, including my band.

But you let me in the door. You let me in the door on debt relief. We have worked together on AIDS and the Millennium Challenge. And now I am going to abuse your hospitality by hanging around, talking loudly, when you really ought to be hearing from people who truly live the subject, like Jim Kim at the World Health Organization or a treatment advocate like Zackie Achmet in South Africa, or indeed a true heroine like Agnes here, whom many of you know.

But I promise to talk briefly and politely. I think it is really brilliant to be here, and my testimony will be suitable for family audiences. Your children, your country, are safe, safe from my exuberant language.

I have just come back from Philadelphia and it was an extraordinary day there yesterday with various religious groups and student activists. We are putting together a campaign to unite everybody all across the country, all across the United States, to unite the country under this issue of AIDS and extreme poverty.

I think we are going to succeed. You listen to these people talk about America taking the lead on this and you would be very proud. I think they know—their message to me was: This is a critical time. And I think we all agree with that.

We are making progress in the fight against AIDS. We are gaining speed, building momentum, but only as long as we keep our foot on the gas, because, Senator, as you know, we have a lot more road ahead. Our success so far should make us confident, but it cannot make us content. We are off to a great start. Only you here can make sure that it is not a false start. If we stop at AIDS, oddly enough, we will not beat AIDS, because we need to do more about the conditions, the extreme poverty in which AIDS thrives.

But lest this sound like a burden or “more money, more money,” can I just say this is actually the exciting bit, because we can use this disease to knock poverty out. This is an incredible opportunity for America. I am not a Pollyanna on this stuff. I have seen it work. I have seen it save and transform lives.

Just at this moment in the world, it just feels important, as a fan of America, to see America knocking poverty out and taking the lead on AIDS. I think it is a great, great message.

So let me talk a little bit about the results that we are seeing, because a few years back I was here to talk about debt cancellation and I think it is important that I give you a report back on what we did with that money. I remember sitting in your office, Senator McConnell, and going through this, and you were listening to this. It was my first sort of foray here and you were very patient with me as I had my hand in your wallet.

But I feel an obligation to explain to you all on this committee what we did with that money, because it is an astonishing thing, and I hope America is aware of what it did. There are 27 countries who had chronic debts owed to the United States from way back and they have been cancelled. With that money there has been astonishing results.

Three times the amount of children, where Agnes is from, three times the amount of children going to school. What an astonishing thing. I have even had Senator Frist witness some of this stuff. Together we saw water holes built by moneys freed up by debt can-

cellation. When others said the money was going down a rat hole, in fact it was going down a water hole. A very, very proud moment for me and I hope for America.

So more recently we have been working together on the Millennium Challenge, something we worked on with this administration and then across with support on both sides of the aisle. This is important stuff and I am not sure people have—it has really sank in what the Millennium Challenge was all about. It is important. It is a paradigm shift because it is rewarding countries that are fighting corruption and that are actually tackling poverty and the poverty of their people.

Because wherever we go in America, that is the only issue we hear about that makes people cautious about development assistance. They want to know that the money is going to the people it is promised to. So corruption is absolutely essential that we deal with.

The Millennium Challenge is this kind of new way of seeing aid as a reward for people who do the right thing. Where there is civil society, clear and transparent process, good governance, let us fast track those people. It is common sense and, by the way, it is going to be imitated around the world and it was invented here in this city. It is a new paradigm shift, deserves a lot of support.

The President asked you for \$2.5 billion for 2005 and I figure that is a little more persuasive than my asking you, but I will just urge you to support him on that. DATA, D-A-T-A, the organization I helped start, has found that the 16 well-governed poor countries selected for the Millennium Challenge, are ready to use all of that funding on sound poverty reduction plans. They need only what you can give them, which is really a chance. So it is a good start, but only that, a start.

We are not here today for a victory lap. We are here to pick up the pace, because AIDS, as Senator Durbin mentioned, is outrunning us. It is killing 6,500 Africans a day, 7,000 Africans a day. Whoever you are talking to, the number is hard to stomach. 9,000 more Africans a day infected.

The most incredible part about this is it is fully preventable and treatable, which is an incredible opportunity for America. As I say, at this moment of all moments, when people are not necessarily sure about us in the West that our intentions are benign even in Europe and America, there is a lot of suspicion about our intentions in the rest, in the wider world, this is an incredible opportunity because America has the power to make this stop. It is an achievable goal.

There will soon be a day when AIDS is gone. There will be a vaccine, it will be gone. I think when the history books are written, would it not be nice to see the United States right out in front. Like going to the Moon: We did it first, there it is.

The tough thing about this realization that we have the power to make it stop is that it means we have actually got to do something about it. For the first time in history, we have the know-how, we have the cash, we have the life-saving drugs. Do we have the political will?

Ambassador Tobias does. As we heard, he sees the fire raging and he has got a fire brigade. That is a great thing. He needs your

support, fully funding of around \$2.5 billion for the bilateral programs. Every dollar counts.

That is why the debate over generic medications is so frustrating, because when there is a fire raging you do not fight it with bottled spring water; you turn on the hose and put the fire out. There are safe generic drugs saving lives right now at a fraction of the price of their brand-named twins. Here is an advert for one sitting right beside me, someone who is a great advertisement for those generic drugs. And we have to ask the experts, like Medecin Sans Frontier, one of the first people to involve ARV's in the treatment of AIDS. They are doctors. They believe it is safe.

I think what we talk about—President Bush when he spoke about AIDS he was very inspiring because he spoke about bicycles: We will get them on bicycles and motorcycles. This is exactly the tone, this is what we need. But the bicycles right now are wrapped in red tape, is the truth, and we need to cut through the red tape. We need the spirit of that announcement of \$15 billion over 5 years in the actual follow-through.

So we have this news in the last couple of days that could be great news, that we are considering generics and fast-tracking a breakthrough on generics in 6 weeks. But this is, 6 weeks of red tape, is very costly. That is 250,000 lives. So I would just caution us, this 6 weeks.

So Americans want the biggest bang for their buck, that is true. They want to treat as many people as possible. Let us get together on that and make sure they get the biggest bang for their buck.

Every dollar counts, but some dollars count for triple. By this I am talking about the Global Health Fund, an essential part of the fight and a vital partner to what the United States is doing. Every contribution America makes gets other countries to kick in more. Tony Blair says so, so does President Chirac, so does Paul Martin. I know because I have spoken to all these people recently. I make their lives miserable, too, you will be relieved to hear.

But to date the United States has made one-third of the fund's contributions. I would urge you to maintain that commitment in the neighborhood of \$1.2 billion for next year. Yes, the fund has growing pains, but the fact that it is growing in scale and in impact, not only on AIDS but on other killer diseases that worsen it like malaria and TB, is encouraging.

Of course miracle drugs alone are no miracle cure. We cannot defeat AIDS unless we do more about the extreme poverty in which it spreads. Otherwise our efforts will come to naught. You cannot take a pill if you do not have water to swallow it, clean water that is. You cannot strengthen your immune system if there is no food in your belly. And you cannot teach kids to protect themselves if they do not go to school. That is why the Millennium Challenge and other key programs you fund through USAID are essential.

More investment is needed, a lot more investment is needed. President Bush has asked for a lot more, over \$21 billion in total for foreign ops in 2005. I think that is because he, like many of you, sees that a victory in this battle is vital to national security.

Our issues, people tend to think of them as fringe, not central to the action here in Washington, D.C. If I can convince you of one thing, it is that at this time in the world these issues that you have

gathered to talk about on this committee has a role to play in very central policymaking that will affect the way America is viewed everywhere in the world. It is where America meets the world, outside of commerce and the military.

The Senate, in passing a bipartisan budget resolution, has gone a step further on these issues, and I applaud that. I trust the Senate will hold on to increases in the appropriations process. I do want to say thank you personally to the Senate for their leadership here and all of you sitting here. It is very, very, very important.

Let me say this in closing. I know I spend a lot of time in this country and I am sure it is too much for your liking. But I also spend a lot of time in buses, truck stops, town halls, church halls, and I am not even running for office. But I have spent a lot of time in this country campaigning on these issues.

You know what is amazing? Everywhere I go, people feel more American when you talk about these issues that affect people whom they have never met and who live far away. They feel more American. It is kind of extraordinary to me as an Irishman to observe this.

I think that they are thinking big, as you always have. Sixty years ago there was another continent in trouble, my continent Europe in ruins after the Second World War. America liberated Europe, but not just liberated Europe; it rebuilt Europe. This was extraordinary. And it was not just out of the goodness of your heart, which it certainly was. It was very smart and strategic, because the money spent in the Marshall Plan was indeed wise money. It was a bulwark against Sovietism in the cold war.

It was 1 percent of GDP over 4 years, I believe. I would argue that this stuff we are discussing today is a bulwark against the extremism of our age in the hot war. I believe there is an analogy.

I believe brand USA, because all countries are brands in a certain sense, never shone brighter than after the Second World War, when a lot of people in my country and around the world just wanted to be American—wanted to wear your jeans, wanted to listen to your stereos, wanted to watch your movies. That was because this is an astonishing place, America.

It cost money, that place in the world, I know, and I know how expensive the Marshall Plan was—point one. We are looking for numbers that I think are about half that to completely turn the world around at a time—on a positive thing, like a health crisis, making that a positive thing. So please bear with us.

In turbulent times it is cheaper and smarter to make friends out of potential enemies than to defend yourself against them. A better world happens to be a safer one as well. I think it is a pretty good bargain.

PREPARED STATEMENT

The attention of the world might sometimes be somewhere else, but history is watching. It is taking notes and it is going to hold us to account, each of us. There is so much you can do with your power, with your leadership, to ensure that America here is on the right side of history. When the story of these times gets written, we want to say that we did all we could and it was more than anyone could have imagined.

Thank you.
 [The statement follows:]

PREPARED STATEMENT OF BONO

Thank you, Chairman McConnell. It is an honour to be asked to share my thoughts today. Let me also thank some very good friends: Senators Leahy, DeWine, Durbin and so many others who have shown such leadership on these issues.

And such patience in dealing with a rock star who asks for a seat at your distinguished table, then refuses to leave or to turn down the music he's blasting. Frankly there are a lot of people who wish I'd stay in the studio—including my band.

You let me in the door on debt relief; we've worked together on AIDS and the Millennium Challenge; and now I'm going to abuse your hospitality by hanging round and talking loudly when you really ought to be hearing from someone who knows better—a medical doctor like Jim Kim at WHO, or a treatment advocate like Zackie Achmet of South Africa, or a true heroine like Agnes, here, whom many of you know.

That said, I promise to talk briefly—and politely. Though I think it's really brilliant to be here my testimony will be suitable for family audiences. Your children, your country, are safe from my exuberant language.

I've just returned from your nation's first capital—Philadelphia—where my organisation, DATA, and an array of other groups launched a new effort we're calling "The ONE Campaign." These organisations represent millions of Americans, from evangelicals to student activists. They came from all over the country. And they're speaking with one voice in the fight against AIDS and extreme poverty.

What are they saying?

They're saying—as I think we all agree—this is a critical moment.

We're making progress in the fight against AIDS. Gaining speed. Building momentum. But only as long as we keep our foot on the gas. Senators, as you know, we've got a lot more road ahead.

Our success so far should make us confident. But it can't make us content. We're off to a great start—but only you can make sure it's not a false start. If we stop at AIDS, we won't beat AIDS. We need to do more about the conditions—the extreme poverty—in which AIDS thrives.

Now, I'm not a Pollyanna on this stuff; I've seen it work. I've seen it save and transform lives. So let me talk briefly about the results we're seeing.

As I mentioned, I met many of you a few years back when we worked to cancel the debt that burdens the poorest countries. Today, 27 countries—almost all in Africa—are investing that money in schools, vaccinations, and roads instead of in debt payments. In Uganda, I've stood with Senator Frist at a clean water well built thanks to debt relief. Debt money didn't go down a rathole—it went down a waterhole.

More recently, we've all worked together on the Millennium Challenge. This is smart money, new aid in new ways, rewarding poor countries who are leading in the fight against corruption. Though it's only just up and running, it's already having an impact, encouraging countries to reform.

The President has asked you for another \$2.5 billion for 2005. I figure that's a little more persuasive than my asking you, so I'll just urge you to support him on that. DATA, the organization I helped start, has found that the 16 well-governed poor countries selected for MCA are ready to use all of that funding on sound poverty reduction plans. They need what only you can give them: a chance.

All in all, then, we've made a good start. But only that. A start.

We're not here today for a victory lap; we're here to pick up the pace. Because AIDS is outrunning us, Senators; it's killing 6,300 Africans a day, infecting 8,800 more Africans a day; and the most incredible part is it's fully preventable, it's fully treatable.

We actually have the power to make this stop. But the tough thing about that realization is that it means you've actually got to do something about it. For the first time in history, we have the brains, we have the cash, and we have the life-saving drugs. But do we have the political will?

Ambassador Tobias does. As we heard, he sees the fire raging and he is leading a fire brigade, and that's a great thing. He needs your support, full funding of around \$2.5 billion for bilateral programs.

Every dollar counts. That's why the whole debate over generic medications is frankly frustrating. When there's a fire raging, you don't fight it with the finest spring water. You turn on the hose and put the fire out. There are safe generic drugs saving lives right now at a fraction of the price of their brand-name twins.

I know that Americans want to get the biggest bang for their buck: to treat as many people as possible. That's the whole point, right? If that's your goal, isn't the administration's position on generics untenable? Hopefully this is starting to change, we still need to hear the details.

As I said, every dollar counts, and some dollars count for triple. I'm talking about your contributions to the Global Fund—an essential part of the fight and a vital partner to what the United States is doing. Every contribution America makes gets other countries to kick in more. Tony Blair says so. So does President Chirac. So does Paul Martin. I know because I've been making the rounds with the tin-cup in those countries too.

To date, the United States has made one-third of the Fund's contributions—I urge you to maintain that commitment, in the neighbourhood of \$1.2 billion for next year. Yes, the Fund has had growing pains, but the fact is it's growing—in scale and in impact: not only on AIDS but on the other killer diseases that worsen it, malaria and TB. Combined with bilateral, this is about \$3.6 billion which is allowed under last year's law.

Of course, miracle drugs alone are no miracle cure: we can't defeat AIDS unless we do more about the extreme poverty in which it spreads. Otherwise our efforts will come to naught. You can't take a pill if you don't have clean water to swallow it. You can't strengthen your immune system if there's no food in your belly. And you can't teach kids to protect themselves if they don't go to school.

That's why the Millennium Challenge and other key programs you fund through USAID are essential. More investment is needed a lot more. President Bush has asked for a lot more—over \$21 billion total—for Foreign Operations for 2005, because he, like many of you, I think, sees victory in this battle as vital to your national security. The Senate in passing a bipartisan budget resolution has gone a step further on these issues, and I applaud that. I trust the Senate will hold onto its minimum amounts and keep up the pressure for more.

Let me say this in closing.

Senators, I spend a lot of time in this country. Maybe too much for your liking. I spend a lot of time in buses. At truck stops. In town halls. In church halls. I do all this, and I'm not even running for office.

But you know what's amazing? Everywhere I go, I see very much the same thing. I see the same compassion for people who live half a world away. I see the same concern about events beyond these borders. And, increasingly, I see the same conviction that we can and we must join together to stop the scourge of AIDS and poverty.

Americans are thinking big. As you always have. You know, almost 60 years ago, another continent was in danger of terminal decline—not Africa, but Europe. And Europe is strong today thanks in part to the Marshall Plan. It was great for Europe, but it was also great for America. Brand USA never shined brighter.

Today we need the same audacity, imagination, and all-out commitment of a modern Marshall Plan. The Marshall Plan built a bulwark against Communism; today, for half the cost, we can build a bulwark against the extremism of our age.

In turbulent times it's cheaper, and smarter, to make friends out of potential enemies than to defend yourself against them. A better world happens to be a safer one as well. That's a pretty good bargain.

The attention of the world might sometimes be elsewhere, but history is watching. It's taking notes. And it's going to hold us to account, each of us. There is so much you can do, with your power, with your leadership, to ensure that America is on the right side of history. When the story of these times gets written, we want it to say that we did all we could, and it was more than anyone could have imagined. Thank you.

Senator McCONNELL. Thank you very much, Bono.

Ms. Nyamayiarwo, I see that you have a piece of paper in front of you. Do you want to make a brief statement as well?

SUMMARY STATEMENT OF AGNES NYAMAYARWO

Ms. NYAMAYARWO. Thank you so much. I am happy to be in this house today. I want first of all to introduce myself. I am Agnes Nyamayiarwo. I come from Uganda from an AIDS organization called TASO, the AIDS Support Organization in Uganda. I am a nurse and working as a volunteer with this organization.

I have lived with HIV for 15 years. I want to share with you briefly what happened to my family with the AIDS epidemic. My

husband died of AIDS in 1992. My youngest son died of AIDS at the age of 6½ because I passed the virus to him unknowingly. You can imagine as a parent giving a death sentence to a child. It is very painful.

My other son, who was age 17, got overwhelmed by the problem of AIDS in the family and suffered depression and he disappeared from my family and up to today I have never seen him again, still searching for him.

I have been very lucky. I have been on treatment, antiretroviral treatment. I started by taking generic drugs and now I am on the branded drugs from TASO, which is supported by the U.S. Government, and I am very grateful for that. Actually, I see that they work the same, because I was down and I started with generic drugs and they improved my life, and now that there are branded drugs I started taking branded drugs and they work exactly the same.

Last year in July I met with President Bush and I told him I was in treatment and my life had improved, but my concern is the other people living with HIV in Uganda and in Africa who die every day. And every time I go back to the community, where we move around creating awareness about HIV/AIDS, I find so many people have died, so many people dying. That is very painful indeed.

The President promised that he was going to give treatment to all people living with AIDS in Africa quickly and immediately. It is almost a year now. We have just got money to start on treatment on not even a quarter of the people in my organization. So it has given me hope, it has given us hope, all of us. But we are still asking for more.

In my work with DATA I have been in about 10 States in America. It exposed me to many Americans and their response was excellent and they were willing to help. This has always given me a lot of hope, although every time I go back my people think I have carried medicines for them. But I tell them: I have hope; Americans are ready to help.

Today I am here to request this house as you are going to make decisions on the programs to fund just to remember me, my family, and all the people living with HIV in Uganda and Africa, and the many orphans in Africa, and the young people who need the education, because the more they keep in school the more they delay to get infection, and the more they are educated the more they know about how they can avoid catching HIV. So good education is very, very important.

Then we also have that problem of poverty. Even with the mother-to-child transmission, mothers are given the medicine to reduce the infection, but these mothers have to give the formula and they do not have the formula. They do not even have the money to buy it. Or if they have it, they may mix it with dirty water and these children end up dying of diarrhea. So clean water is also very, very important.

I am still also asking you to really look at the trade with Africa. It is very important because one day maybe we shall be able to stand on our own. So please, help us fight AIDS and poverty in Africa.

Thank you so much.

Senator McCONNELL. Thank you very much.

Even though this hearing is about HIV/AIDS, I do want to address once again, Bono, an issue that you and I are extremely interested in. For the record, do you support renewal of import sanctions against the Burmese junta, as Senator Leahy and I have proposed?

BONO. I do not just support it; I applaud it as loudly as I can. Let me say, your leadership on this—there is no one leading support for Aung San Suu Kyi like you, and to have Senator Leahy by your side, and make sure that this is the support of all Americans is amazing.

These toenail-pullers, these thugs, are also running this country like a business, so the place they will feel the pain is in business. Sanctions are crucial.

Senator McCONNELL. One of my big frustrations, which I know you share, is that the only way sanctions are going to really have an impact is if they are multilateral. Is there anything we could do that we are not currently doing to convince the European Union that a tougher approach ought to be in place toward the generals in Rangoon?

I had hoped that the attempted assassination of Suu Kyi last year might have gotten their attention, but apparently not. What thoughts do you have about how we get the Europeans fully engaged in the sanctions regime?

BONO. I am deeply ashamed as a European of the pitiful lack of volume in support for her. I think Prime Minister Blair has been doing some good work, but we need more and we need the rest of Europe to pay attention. I will personally speak to Roman Prodi, who is the President of the European Union, about this and see at their next meeting if we can get a resolution.

Senator McCONNELL. In your statement you indicated that America must have the political will to combat HIV/AIDS. How do you cultivate political will in countries that do not respect the basic rights of their citizens? In Burma, for example, where, instead of stopping HIV/AIDS and poverty, the junta may actually be spreading the disease and misery through rape, forced labor, and illicit narcotics?

BONO. I think what is extraordinary about the Millennium Challenge Account, which I was talking about earlier, is that it provides assistance for countries who are doing the right thing by their people and tackling corruption, etcetera. I think with Burma we have a particular evil to deal with that needs a different and stronger response.

So I would suggest sanctions. I think they should be punitive and I think those people should feel our mettle. They cannot walk over this woman, who is a true hero. In a way, with the Millennium Challenge we are trying to encourage the kind of leadership she represents. This is the future in the end for all of the issues that we are talking about today, is leadership. Leadership is everything.

Even with AIDS, we talk about A, B, C. What is important is a balanced approach. But you know, the reason why abstinence and these kinds of programs, preventive programs, worked in Uganda was because of another letter “L”, “L” for leadership and “L” for

local, understanding the local. To me, Aung San Suu Kyi is great leadership.

Senator MCCONNELL. Ms. Nyamayarwo, in Cambodia sex workers refused to participate in a Gates Foundation-funded anti-HIV drug test because of concerns with potential long-term health impacts. How do we ensure that impacted groups, such as Cambodian sex workers, have the will themselves to participate in education and treatment programs?

Ms. NYAMAYARWO. Back in the country where I come from, they have been asking us about the sustainability of this treatment and that was—maybe that may have been the same reason why in Cambodia these people are not going in for this treatment. But as a person living with HIV I told them that for me if I live another 5 years for my children that is very important indeed, because they will have the guidance from me and the parental care.

So I think maybe we need to, Uganda needs to go and share with those people what is happening in Uganda and what we people living with HIV in Uganda feel about this treatment.

Senator MCCONNELL. Thank you.

Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

Bono, you and I have been friends for many years. I think we also, on this Appropriations Committee, we also sit on the question of money for terrorism, and of course if somebody comes up and says this is for terrorism we can find enormous amounts of money.

But I was struck by something you said in your statement, and I wrote it down: A better world is also a safer world. That really goes to the bottom line on everything you are trying to do. You have seen probably more than anybody this effect of AIDS and what is being done to combat it. You have traveled everywhere.

You heard me ask Mr. Tobias about the potential of these countries to absorb more funds. Can they absorb more funds? And if they can, what would they spend it on? What should they spend it on?

BONO. You know, we use this word “absorptive capacity” a lot, but the truth is there is a distributive capacity problem. I think what I object to sometimes was when it is characterized as, oh, Africa or whatever country in Africa or elsewhere, they just could not take the money, so it is kind of their fault. I object to that.

I think what we should say is: Yes, there are difficulties spending the money effectively and efficiently, but we have to spend on building the capacity. That is what you do in an emergency, in a war. You have to build the infrastructure. And this is a war against AIDS.

What is great about this war is we really are going to win. The only opposition is our own indifference.

Senator LEAHY. But you also have a chicken-egg sort of thing.

BONO. Yes.

Senator LEAHY. You say building the capacity, but that can be done. There are models for doing that in parts of the world, bringing in everything from the roads to the training. We are not talking about building Johns Hopkins in every village that we see.

BONO. No.

Senator LEAHY. But the basics are so absent. And I agree with you, we could be doing more.

We are somewhat limited in time and I know you have to leave. An area that we are aware of, we do not talk enough about: What about AIDS orphans? What do we do to help the AIDS orphans?

BONO. There is your chaos right there. Again, maybe sometimes it is obvious. It sounds grating to always describe, to describe the war against poverty as being connected to the war against terror, but I did not say that; Secretary of State Colin Powell said that. And it is very wise when a military man starts talking like that.

There is a connection. We have a situation now—and I have seen it first-hand myself—where you have children bringing up children. And we should see Africa as not the front line in the war against terror, but it might be one day. You take a country like Nigeria, Nigeria is an oil-wealthy nation. It has 120 million people. It is the whole of west Africa, essentially. In northern Nigeria every week a new village falls under sharia law and they are then—we have the madrassas, we have the schools that teach them to hate us.

So these groups, they take advantage of the chaos, though in northern Nigeria the chaos is not as great as it is in southern, in some of the southern African countries. It is an example, the AIDS orphans is an example of the chaos waiting for order to be brought to it, either by them or by us. I am arguing that it is cheaper to prevent the fires than to put them out later.

Senator LEAHY. Oh, I agree with you.

Mrs. Nyamayarwo, like you my wife was trained as a nurse, and I appreciate our conversations we had before this hearing. I do not know if I mentioned to you, we traveled to Uganda back in 1990. We visited a TASO center. We met HIV-positive volunteers there. In fact, most of the volunteers were HIV-positive. We were so impressed by their courage, their selflessness, and the fact they were helping others even though they were living under a death sentence.

In Uganda, if you could just take that one country, what has worked best in combatting AIDS? What could you use the most?

Ms. NYAMAYARWO. In Uganda it is not one thing, but first we have the good leadership of our president who has been open about HIV and AIDS and accepted to support us. The government has involved people living with HIV, and people living with HIV have got the heart to save other people's lives, like the volunteers in TASO. Myself, after losing my child to AIDS, I felt I should go out with those volunteers and talk to people, talk to parents, so that they do not go through what I went through, because it was very difficult for me, to try to save lives, go to schools and try to save the youth, to know more about HIV/AIDS.

I think the education has been very, very important on this issue. That is why I feel that education is real great. Then there is one problem which still stands, is the poverty. The orphans remain vulnerable. It is going to be like a circle, re-infection, because they do not have the support. Debt cancellation helps children to go to school just through primary. They cannot go to secondary schools, they cannot go to technical institutions. If all that is in place, I think we shall be able to really fight AIDS in Uganda.

Senator MCCONNELL. Thanks.

Senator LEAHY. Thank you very much.

Senator MCCONNELL. Because of the lateness of the hour, we are going to do one round of questioning and we will have to submit the others.

Senator DeWine.

Senator DEWINE. Mr. Chairman, thank you very much.

Mrs. Nyamayarwo, thank you very much for your very compelling testimony. We just very, very much appreciate it.

Bono, thank you very much for being with us again. Again, very compelling testimony as well. You have really been at the forefront. If you look at the issues that matter, the Millennium Challenge, you have advocated for that. Debt relief, that matters so very much. AIDS. All three of those issues, you have been there. You have been a leader.

Your testimony today I think has been so compelling because you have talked about AIDS from really a holistic point of view, that we cannot just look at AIDS separately; we have to look at it from the point of poverty, we have to look at it from the point of view of the whole medical system when we go into these countries that is connected to everything else.

You truly understand this issue. You have done such a good job, I think, of focusing the public's attention on AIDS. I would just ask you, as you have gone around, not just in the United States, but in other countries, what works and what does not work when you are either addressing people in towns in the United States or when you are dealing with leaders in other countries? What is compelling and what is not compelling when you talk about this issue? What works and what does not work? And how are we doing with other countries, too?

BONO. I think we need both bilateral and multilateral, is the truth. But we need them, we need everyone talking together. What does not work is when we play politics with people's lives. When everyone can get—when there is a parity of pain and sort of parity of applause—I think it is important there are people in other countries who are doing a lot more as a percentage of their GDP than the United States, and they get very upset when, just because the United States is giving more money—they say, well, hold on a second; we are spending a lot more as a percentage. So that does not work.

I think some humility in saying we have different ways of doing things, but we want to work together and we are not trying to score points, that works. I think this is an opportunity to unite people in a way that there is very little else out there to. I think you have—what else are President Chirac, President Bush, and President Blair going to agree on?

This is the one thing they can all hold hands on, and I think that might be a good symbol right now in the world. Maybe not holding hands, but—and I think seeing the historic side of things works. To tell—I know it is an absurd, an Irish rock star to do this, but to explain that when the dust settles and when the history books have been written, this entire era will be remembered for probably three things: the Internet, the war against terror, and what we did or did not do about this AIDS virus and what it did, what it did.

It will be astonishing, like your children, like me, reading about the bubonic plague in the Middle Ages, which took a third of Europe. A third of Europe died from the bubonic plague, the Black Death. Now, imagine if China, say, had treatment at that time that could have saved those lives, but did not get it out there because, ah, it was a little difficult and it was expensive. How would we be reading about China now? That is the position we are in. That is where Europe and America is right now, and I think it is a great opportunity.

Senator DEWINE. Thank you very much.

Thank you, Mr. Chairman.

Senator MCCONNELL. Thank you, Senator DeWine.

Senator Durbin, you are it. After you finish the hearing is completed except for whatever questions that we may want to submit. So if you would proceed.

Senator DURBIN. That is a lot of pressure, Mr. Chairman.

Senator MCCONNELL. See how short you can be.

Senator DURBIN. Well, I thank you very much.

I want to thank our witnesses for your patience in waiting for us to vote and come back and do other things in an extremely important session.

Thank you for your leadership. I have told you, Bono, that you are a consummate pest on Capitol Hill and please keep up your good work, pestering us to be mindful of the rest of the world and what we are facing.

It is no, I think, revelation that over the past several weeks we in America have been embarrassed and ashamed by some of the disclosures in the world press. The President has said and we have repeated that what happened in that prison is not indicative of American values. What I have found interesting in your tour of Wheaton College and other places in my State was that time and again you have said that you find us to be a good and caring people, and as a good and caring people there are things that we can do to prove that premise.

I find the same thing when it comes to this commitment, when it comes to global AIDS. You really call on us to do our best and I think we should and we must.

I would like to ask you specifically on this Global Fund issue. I am very concerned. If we do not increase the \$200 million commitment in this budget to a much higher level, I am fearful that ongoing projects may be cut back and new ones will not even be considered. What has been your impression of the work of Global Fund and if they had to retrench and fall back the impact it would have on this battle?

BONO. There are some difficulties with the Global Fund right now, growing pains. I might suggest that some of those difficulties come out of an environment and a mood where they just do not want to make a mistake, because they know if they do make a mistake there is a lot at stake. I actually, I can understand their caution. They just do not want to screw up, and I think as a result things have moved a little slowly there.

However, they have in Richard Feachem a really great leader. They have in their structure of the organization a really great design. And I think in a funny way it is a very American design. It

is McKinsey Management. They have a 4 percent overhead. They have auditors in place, PriceWaterhouse, Stokes Kennedy Crowell, all these people. Where the money is being spent on the ground, they have cut deals with them to make sure that these things are being effectively operated.

Is there enough money out the door at the moment? No. But remember, they cannot—without having the cash in their bank, they cannot even have the discussion with the groups on the ground.

The most important message to get out to Americans about the Global Health Fund is it is not a new bureaucracy. They are just supplying people in the regions who have effective programs with more money. They are scaling them up. It is really important. Some people do not understand that.

So I think they are critical, they are extremely critical, because President Bush's brilliant AIDS initiative only applies to 16 countries. So this is the other side. This is the rest of the world. It has to work. It will work.

I tried to say to them, you know, you are going to make mistakes; it is wonderful that you are so careful, but actually you are going to make mistakes; relax just a little bit about that.

Senator DURBIN. If I might ask you one last question. I do thank the committee for their patience here. People here in the audience earlier were removed with signs relative to drug companies and pharmaceutical companies and how much they are doing. I have heard you say something which is kind of self-confessional about your own attitude in dealing and working with pharmaceutical companies and drug companies. Tell us now what you think is the appropriate approach to make certain that as quickly as possible affordable medications are in the hands of the poorest people in the world?

BONO. Okay. Well, let me just say I fully, fully understand the frustration of my friends behind me who have their hopes raised when they hear of a \$15 billion AIDS initiative and then have them dashed when they hear that none of the money is going to go to the cheapest drugs.

What I would say to this issue is we need the pharmaceutical companies, is the truth. We need their brains, we need their know-how, we need their scientists. But there is an opportunity for them here to compete that they have not as yet made. They could really be heroes of the hour here. We need them.

I want them involved, and I am not going to ask a business to behave like a philanthropy. I do not think we should do that. But make their profits. Sure, make their profits—just not on the greatest health crisis in 600 years, on the backs of poor people. I think they do a great business. I am happy for them to make profit on me, make profit on my friends, make profit on everyone in this room, in this country, but not on what is going on in the everyday lives of people like Agnes here.

So I would say these drugs are a great advertisement for America. I told President Bush: Paint them red, white, and blue, you know, whatever. Get them out there. They are the best of the West.

So that is my own position and I hope that is clear.

Senator DURBIN. Thank you, Agnes. Thank you, Bono.

Thank you, Mr. Chairman.

Senator McCONNELL. Thank you, Senator Durbin.

Thank you, Bono. Thank you, Ms. Nyamayarwo. It is nice of you to be here and to tell your story. It was very helpful.

ADDITIONAL COMMITTEE QUESTIONS

There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MITCH McCONNELL

Question. Voices for Humanity (VFH), a Kentucky-based non-profit, is slated to receive funding from USAID for a pilot project on HIV/AIDS education in Nigeria using cutting edge information technology. I strongly encourage you to follow VFH's efforts in Nigeria.

What importance do you place in using cutting edge information technology to educate and inform illiterate or semi-literate populations?

Answer. The unprecedented goals set by the President's Emergency Plan for AIDS Relief—to provide treatment to 2 million persons living with HIV, to prevent 7 million new HIV infections, and to provide care to 10 million people infected and affected by HIV/AIDS, including orphans and vulnerable children, will require that we actively seek new approaches to addressing HIV/AIDS, including through the use of cutting edge information technologies to reach as many people as possible.

The Emergency Plan not only brings hope through the commitment of extraordinary resources, but, as important, the opportunity to find new and more effective ways to fight the HIV/AIDS pandemic—our approach will not be “business as usual.” We are committed to implementing programs that are responsive to local needs—countries and communities are at different stages of HIV/AIDS response and have unique drivers of HIV, distinctive social and cultural patterns, and different political and economic conditions. Effective interventions must be informed by local circumstances and coordinated with local efforts.

The Office of the U.S. Global AIDS Coordinator has met with representatives of Voices for Humanity to be briefed on their project in Nigeria and will be meeting with them again as the project is implemented.

Question. Faith-based organizations, such as Lott Carey International (LCI), have decades of experience working overseas and have cultivated broad contacts among indigenous organizations and groups.

A. What are your goals and objective for utilizing faith-based organizations in combating HIV/AIDS?

B. Do you have a recruitment plan or strategy to increase participation of these groups?

C. How many faith-based organizations currently receive funding for HIV/AIDS activities—from USAID and your office?

Faith-based and other organizations interested in combating HIV/AIDS have contacted the Subcommittee to complain that the process for securing funding under this initiative is NOT user friendly.

D. Are you aware of these difficulties, and what steps can you take to ensure that the funding process is less bureaucratically cumbersome?

Answer. In implementing the President's Emergency Plan for AIDS Relief, we have sought to fund a broad range of innovative new partners, including faith-based and community-based organizations, to bring not only expanded capacity but also innovative new thinking to our efforts. Faith-based organizations not only bring expanded capacity and innovative new thinking to our efforts, but they are also among the first responders to the international HIV/AIDS pandemic, delivering much needed care and support for fellow human beings in need. Their reach, authority, and legitimacy—like other organizations—identifies them as crucial partners in the fight against HIV/AIDS, and we are committed to encouraging and strengthening such partners.

Our intent in the initial, first round of grants under the Emergency Plan has been to move as quickly as possible to bring immediate relief to those who are suffering the devastation of HIV/AIDS. The Office of the Global AIDS Coordinator chose programs in the first round because they have existing operations among the focus

countries of the Emergency Plan, have a proven track record, and have the capacity to rapidly scale up their operations and begin having an immediate impact.

By initially concentrating on scaling up existing programs that have proven experience and measurable track records, an additional 175,000 people living with HIV/AIDS in the 14 initial focus countries will begin to receive anti-retroviral treatment. Prevention through abstinence messages will reach about 500,000 additional young people, and assistance in the care of about 60,000 additional orphans will soon commence in those same countries.

As of March 30, 2004, we have partnered or sub-partnered with some 45 faith-based organizations. Grants to these organizations total \$57,528,298 thus far, and we are committed to expanding our work with both new and current faith-based organizations as Emergency Plan implementation progresses.

We recognize that the windows for applications in our initial rounds of funding have been relatively quick, and anticipate that future rounds will allow more time for applicants to prepare and submit funding proposals.

Question. Repressive regimes that commit widespread human rights—such as the Burmese junta's policies of rape, forced labor, and use of child soldiers—have a direct and substantial impact on the general health of the population.

A. What programs or projects can the Coordinator's office support to better understand—and mitigate—the impact widespread human rights violations have on populations, including the failure to prioritize HIV/AIDS prevention and treatment in places such as Burma, China and Russia?

B. How can "political will" be cultivated in repressive countries to address the HIV/AIDS pandemic, or to ensure the treatment is provided on an equitable basis and not only to supporters of a regime, for example?

Answer. The Emergency Plan for AIDS Relief Emergency Plan is the largest commitment ever by a single nation toward an international health care initiative. The vision of the President's Plan embraces a multifaceted global approach to combating the HIV/AIDS pandemic. Within this global framework, leadership is a fundamental lever to ensure that governments respect human rights and appropriately prioritize HIV/AIDS prevention, treatment, and care.

The mission of the U.S. Office of the Global AIDS Coordinator is to work with leaders throughout the world to combat HIV/AIDS, promoting integrated prevention, treatment, and care interventions. While we are proceeding with an urgent focus on 15 countries that are among the most afflicted nations of the world, we continue to pursue on going bilateral programs in more than 100 countries, including Burma, China, and Russia. Our Five-Year Strategy for the Emergency Plan, released in February, articulates our goals, including a commitment to encourage bold leadership nationally at every level to fight HIV/AIDS.

Under the Emergency Plan, USAID's fiscal year 2004 budget for its South East Asia Regional HIV/AIDS programs includes an additional \$1 million for programs in Burma, primarily in Shan and Karen States, which border China and Thailand. We are committed to ensuring that our assistance is consistent with our primary objectives of supporting democracy and improved human rights in Burma. No assistance is being provided directly to the regime. Our support is channeled through established international non-governmental organizations, such as Medicins Sans Frontiers, renowned for their resistance to government interference. In conjunction with the President's Plan, HHS recently launched its Global AIDS Program (GAP) in China, the offices of which HHS Secretary Tommy G. Thompson helped inaugurate in October 2003. In an unmistakable demonstration of leadership, U.S. Ambassador to China Clark Randt led the Embassy delegation and attended a ceremony at the rural village with the first recorded case of AIDS in China. In March 1998, the United States and Russia began collaborating to control the spread of HIV and other sexually transmitted diseases. Since then, the United States and Russia have steadily advanced joint programs for HIV/AIDS prevention and capacity building. At their bilateral summit meeting in September 2003, Presidents Bush and Putin committed to reinforce this joint cooperation and coordination. At the just held G-8 Summit in Sea Island, they reaffirmed the U.S.-Russian HIV/AIDS Cooperation initiative with focus on: prevention, treatment, and care; surveillance and epidemiology; basic and applied research, including vaccine development; bilateral policy coordination in Eurasia and with the Global Fund for AIDS, Tuberculosis, and Malaria; and involving senior officials in support of public-private partnerships to combat AIDS. Such leadership at the highest levels underscores the President's commitment to ensure that all governments pursue appropriate national strategies to confront the HIV/AIDS pandemic as the global health emergency it is.

Regarding political will, as noted above, the Emergency Plan places a high value on leadership to persuade all governments to address the HIV/AIDS pandemic and to ensure that HIV/AIDS services are provided on an equitable basis to all comers

based on clinical eligibility, particularly with repressive government. We are committed to encourage our partners, including multilateral organizations and other host governments, to coordinate at all levels to strengthen response efforts, to embrace best practices, to adhere to principles of sound management, and to harmonize monitoring and evaluation efforts to ensure the most effective and efficient use of resources.

In the global battle against HIV/AIDS, it is imperative that the many actors coordinate their efforts and make maximum use of increasing but still limited resources. To this end, in April, the United States, through the Office of the Global AIDS Coordinator, was instrumental in achieving donor government approval for a set of principles dubbed the "Three Ones" by UNAIDS. These basic principles, aimed at coordinating national responses to HIV/AIDS and applicable to all stakeholders involved in country-level HIV/AIDS, are: one agreed HIV/AIDS Action Framework that provides the basis for coordinating the work of all partners; one National AIDS Coordinating Authority, with a broad based multi-sector mandate; and one agreed country level monitoring and evaluation system.

The "Three Ones" Principles provide a constructive framework for coordination while permitting individual donors to fulfill their own program goals and mandates and disburse money to partners in their own ways, without having any one government or organization claim exclusive ownership of the coordinating authority. For the Emergency Plan, our focus worldwide is anchored in care, treatment, and prevention available to all comers based on clinical eligibility.

Question. On March 9, 2004, Director of Central Intelligence George Tenet testified that HIV/AIDS continues to endanger social and political stability, and warned that the virus is gaining a foothold in the Middle East and North Africa, "where governments may be lulled into overconfidence by the protective effects of social and cultural conservatism".

Do you agree with the Tenet's assessment that HIV/AIDS is gaining a foothold in the Middle East and North Africa?

Answer. As it has around the globe, AIDS is certainly gaining a foothold in the region. Although the Middle East as a region has one of the lowest rates of HIV/AIDS infection (an estimated 0.3 percent) of its adult population, even this rate is higher than East Asia and the Pacific region, and by UNAIDS' estimates the Middle East and Near Asia has the second-highest rate of increase of HIV after the former Soviet Union and Eastern Europe. While not a health and social crisis presently, HIV/AIDS is a growing and potentially serious problem in the region.

Drug use is on the rise in the Middle East, and in some countries such as Bahrain and Iran, injecting drug use is the primary cause of HIV infection. Prevailing social attitudes, cultural norms and religious tradition limit discussion of premarital sex, homosexuality, and adultery, all sexual behaviors that contribute to the spread of HIV/AIDS. Civil society, which in many other regions actively combats the disease, has not yet taken up the HIV/AIDS problem in the region. Unsafe medical practices are also a mode of HIV/AIDS transmission in countries such as Algeria and Iraq.

The underlying vulnerability of the region, therefore, is significant, especially given rapidly changing social norms in many countries and exposure to high-risk behaviors for HIV/AIDS transmission. Poverty and pronounced gender inequality in the region are also drivers of the epidemic.

While not calling for large-scale interventions or program investments, the HIV/AIDS situation in the region needs to be closely monitored. Middle Eastern and North African governments need to be urged to assess the vulnerability of their own countries and respond appropriately. Leadership by religious and political leaders at all levels at this early stage of the epidemic is the most effective means to ensure that its potential destructiveness is not realized.

Question. AIDS orphans generally do not have access to education in Africa, which often requires the payment of a school fee.

Do school fees create obstacles to stemming the spread of the disease by excluding vulnerable segments of the population to both the traditional ABC's and "Abstain, Be Faithful, use Condoms"?

Answer. Many children in Africa, particularly those impacted by HIV/AIDS, are unable to attend school because their families do not have the resources to pay school fees. This is particularly an issue for children orphaned due to HIV/AIDS. As part of a comprehensive assistance package for children affected by AIDS, school fees are sometimes included. However, it is important to note that school fees are often only one of several barriers to accessing education, and the right intervention can only be determined at the local level.

Basic education is the linchpin for success in many of the U.S. Government's development activities, including family planning, child health and HIV/AIDS. In order to be successful in the fight against HIV/AIDS, it is essential that we wrap

all of our development programs around HIV/AIDS programs. We have been working around the world to integrate AIDS prevention messages into all of the other sectors, including education.

Question. Given Rotary International's superb work in combating polio internationally, do you have any plans to use Rotary—and its networks—to tackle HIV/AIDS, malaria or TB issues?

Answer. In implementing the President's Emergency Plan for AIDS Relief, we have sought to fund a broad range of innovative new partners to bring not only expanded capacity but also innovative new thinking to our efforts. We would welcome the opportunity to consider partnering with Rotary International in our efforts, especially in countries such as Kenya with strong local clubs. Health and Human Services Secretary Tommy G. Thompson traveled with the Chairman of the Rotary International Foundation, Jim Lacy, to India, Pakistan and Afghanistan in April 2004, and encouraged him to fund ways for the Foundation and individual Rotary chapters to engage with the President's Emergency Plan.

Question. The 2002–2003 outbreak of SARS in Asia highlighted deficiencies in mounting a concerted international response to a rapidly spreading disease. In a recent GAO report, delays in the initial response were attributed to China's reluctance to share information on SARS or to invite specialists to investigate the outbreak in a timely manner.

A. With respect to HIV/AIDS, are there particular countries that are less than willing to provide information or access to international medical specialists to help stem the spread of the disease?

B. Given that SARS underscored weaknesses in many Asian governments' disease surveillance systems and public health capacities—to say nothing of communications systems and effective leadership—how confident should we be that these same governments are capable of monitoring HIV/AIDS?

Answer. In Asia, as with other regions of the developing world, there has been a perceived reluctance on the part of some countries to share specific information, including numbers of HIV/AIDS cases, issues relating to safe blood supplies, and other information relating to the treatment and care of HIV/AIDS patients. There are a number of political, cultural, economic, and security reasons that influence some East and Southeast Asian countries to withhold valuable information during health and environmental crises and fail to seek appropriate outside assistance. In recent years, the world has increasingly acknowledged the dire threat that HIV/AIDS poses, not only as a health crisis, but also as a threat to economic growth, an overwhelming burden on health care infrastructure, and the potential for undermining national stability. Recently, there have been positive developments in Asia demonstrating a new level of political will to meet the challenges imposed by the pandemic. In addition, the inadequate response to the SARS epidemic served as an important lesson, particularly for China, on the consequences of inaction during a health crisis. Since the Severe Acute Respiratory Syndrome (SARS) emergency, China has significantly strengthened its political will to openly address the HIV/AIDS pandemic. China has formed the State Council Working Group on HIV/AIDS, which includes 21 ministries and has increasingly sought information on the most effective way to respond to HIV/AIDS, including dialogue on technical assistance to support the health care sector and health infrastructure.

With regard to monitoring for HIV/AIDS, along with an increased level of political will to effectively address HIV/AIDS, many Asian countries now recognize the importance of significantly improving data quality. For example, in China, the Global AIDS Program of the U.S. Department of Health and Human Services has a surveillance component as part of its technical assistance project in China. This will help the country develop systems to monitor rates of infection and the impact of prevention programs. The Chinese government is supportive of this type of technical assistance, and continues to work with donor countries and nongovernmental organizations to develop more effective strategies in the fight against HIV/AIDS.

Question. What weight do you put on efforts to combat malaria—which kills over 1 million people a year—and what is the role of your office in anti-malarial efforts of the U.S. Government?

Answer. As you suggest, opportunistic infections, such as tuberculosis (TB) and malaria, play a fundamental role in the overall health of HIV infected individuals. Malaria is the most common life-threatening infection in the world. It is endemic in more than 90 countries, and a child dies every 30 seconds from it, mostly in Africa. Causing more than one million deaths and 500 million infections annually, malaria impedes economic development in Africa, Asia, and the Americas. Because of the annual loss of economic growth caused by malaria, gross domestic product in endemic African countries is up to 20 percent lower than it would have been if there were no malaria in the last 15 years.

The Emergency Plan for AIDS Relief, will coordinate and integrate anti-malarial efforts into HIV/AIDS prevention, care and treatment. This is especially critical in the context of providing HIV care to pregnant women. Moreover, the Office of the U.S. Global AIDS Coordinator is committed to coordinating with the global anti-malarial activities of both the U.S. Agency for International Development and the U.S. Department of Health and Human Services.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Do you agree that any faith-based organization that receives U.S. funds, if it provides information about condoms the information must be "medically accurate and include the public health benefits and failure rates of such use?" Do grant agreements with faith-based groups require them to adhere to this requirement, as Senator Frist and I recommended in a colloquy on the Senate floor? How do you plan to monitor adherence to the law?

I am told that funding for USAID's commodity fund to purchase condoms has remained stagnant for several years, despite the steady increase in HIV infections. Do you plan to spend more on condoms in fiscal year 2005 than last year, or less?

Answer. In the Acquisition and Assistance Policy Directive dated February 26, 2004, the U.S. Agency for International Development mandates that information provided by any organization receiving funding—including faith-based groups—must be medically accurate. Specifically, the following wording is now included as a standard provision of all new agreements, as well as older agreements that add new funding:

"Information provided about the use of condoms as part of projects or activities that are funded under this agreement shall be medically accurate and shall include the public health benefits and failure rates of such use."

Organizations not in compliance could be considered in violation of the terms of their agreement.

The Commodity Fund was established in fiscal year 2002 to remove financial constraints to the availability of condoms for missions who wish to make them available as part of their AIDS prevention programs. The amount allocated for this purpose increased in 2003, and then remained constant in 2004. Funding decisions have not yet been made for fiscal year 2005, but the importance of this resource is acknowledged. Total condom shipments—paid by central and field resources—have increased significantly from 233 million units in calendar year 2002 to 550 million units expected by final shipment in 2004.

Question. The Administration declined to apply the Mexico City Policy to HIV/AIDS funds, but there is still confusion in the field about this. Can you clarify for U.S. officials and foreign NGOs that there is no legal impediment to supporting a foreign NGO for AIDS prevention or treatment efforts, even if that organization would be barred under Mexico City from receiving family planning funds?

Answer. As you note, the Mexico City Policy applies only to assistance for family planning activities by foreign non-governmental organizations, not to assistance for HIV/AIDS funding or other health activities that do not involve assistance for family planning. The President's extension last year of the Mexico City Policy to State Department programs expressly did not apply to HIV/AIDS assistance. Any group, subject to other relevant provisions of U.S. law, will be eligible to apply for HIV/AIDS funding under the President's Emergency Plan.

Question. The Statement of Managers accompanying the Fiscal Year 2004 Foreign Operations Act requires you to report back to us by April 1 (60 days after enactment) on how much the Administration will spend this year on AIDS prevention activities and what amount of that will go towards "abstinence until marriage" programs. As far as I know, the report has not been submitted, or am I mistaken? When will we get it?

A provision in the United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act of 2003 requires that at least one-third of all global HIV/AIDS prevention funds be set aside for "abstinence-until-marriage" programs. When Senator Feinstein offered an amendment to the Fiscal Year 2004 Foreign Operations Appropriations bill to clarify the congressional intent of the provision, you wrote a letter to Senator McConnell that was read on the Senate floor expressing opposition on the grounds that it would have restricted the administration's flexibility and undermined your ability to implement the full variety of abstinence until marriage approaches.

How exactly do you define an "abstinence-until-marriage" program? Was this definition available during debate on the Fiscal Year 2004 Foreign Operations Appro-

priations bill? If not, why were you so sure that Senator Feinstein's amendment would have undermined your ability to fund the full variety of abstinence until marriage approaches?

If a program is successful in leading to increased abstinence with a comprehensive message that places a priority, rather than exclusive, emphasis on abstinence, would it be eligible for funds under the one-third earmark?

Based on your experience, is it appropriate to devote one-third of prevention funds to abstinence until marriage programs? If so, what empirical evidence do you base that on?

Answer. First, the Office of the U.S. Global AIDS Coordinator apologizes for the delay in submitting the report in question to Congress. The Office is working on completing the report and submitting it to Congress within the next several weeks.

Under the Emergency Plan for AIDS Relief, the "ABC" model (Abstinence, Be Faithful, and, when appropriate, correctly and consistently use of Condoms) will support behavior change for the prevention of the spread of HIV. The Emergency Plan will balance and target the application of A, B, and C interventions according to the needs and specific circumstances of different populations and individuals.

The success of the ABC model in countries such as Uganda, Zambia, and Ethiopia, among others, has demonstrated that promoting behavior change and healthy lifestyles, including abstinence and delayed sexual initiation, faithfulness and fidelity in marriage and other committed relationships, reduction in the number of partners, consistent and correct use of condoms, and avoidance of substance abuse, has been and can be successful in preventing the spread of HIV/AIDS.

Abstinence-until-marriage programs, as part of a comprehensive prevention approach, should appeal to the specific needs of specific groups. For example, in many countries the average age of marriage is 17 or 18. Once married, a message underlining the importance of faithfulness is more appropriate than an abstinence-only approach that would be appropriate for unmarried, single, school-age youth. Reliable data exists to show that youth can and do respond to abstinence-until-marriage messages and programs, and that delaying sexual activity and being faithful to one partner is not only protective for young people but can also have widespread impact on the growth of the HIV/AIDS pandemic.

As such, under the Emergency Plan for AIDS Relief, abstinence-until-marriage programs will include two goals:

- Encouraging individuals to be abstinent from sexual activity outside of marriage as a way to be protected from exposure to HIV and other sexually transmitted infections (STIs). These activities or programs will promote the following:
 - Importance of abstinence in reducing HIV transmission among unmarried individuals;
 - Decision of unmarried individuals to delay sexual activity until marriage;
 - Development of skills in unmarried individuals for practicing abstinence; and
 - Adoption of social and community norms that support delaying sex until marriage and that denounce forced sexual activity among unmarried individuals.
- Encouraging individuals to practice fidelity in sexual relationships, including marriage, as a way to reduce risk of exposure to HIV. These activities or programs will promote the following:
 - Importance of faithfulness in reducing the transmission of HIV among individuals in long-term sexual partnerships, including marriage;
 - Elimination of casual sexual partnerships;
 - Development of skills for sustaining marital fidelity, including the ability to voluntarily seek counseling and testing to know the serostatus of persons in relationship;
 - Endorsement of social and community norms supportive of refraining from sex outside of marriage, partner reduction, and marital fidelity using strategies that respect and respond to local customs and norms; and,
 - Diffusion of social and community norms that denounce forced sexual activity in marriage or long-term partnerships.

Question. The President's Emergency Global AIDS Plan does not ensure that additional funds will be available for developing safe and effective microbicides. The plan appears to leave this to the discretion of HHS and NIH. Yet NIH spends barely 2 percent of its HIV/AIDS research budget on microbicides.

Given that married women who get infected from their husbands urgently need options like microbicides, what if anything do you plan to do to mobilize more funds for this research?

Answer. Microbicides, once successfully developed, will help reduce the transmission of HIV/AIDS. Under the Emergency Plan, the National Institutes of Health (NIH) within the U.S. Department of Health and Human Services (HHS) is pur-

suing a comprehensive program for discovering, developing, testing, and evaluating microbicides for HIV prevention. HHS/NIH is the major federal sponsor of microbicide research and development. The Emergency Plan provides opportunities for HHS/NIH to expand its HIV Prevention Trials Network, a worldwide network of clinical trial sites established to evaluate the high priority area of safety and efficacy of non-vaccine HIV prevention interventions such as microbicides. As we use the tools available today to bring immediate relief to the millions suffering from consequences of HIV/AIDS, we will continue to pursue strategies, such as microbicides, that will allow us to make greater strides against this disease in the future.

We appreciate the concerns voiced by many about the vulnerabilities of women and girls to HIV/AIDS, including women coerced or forced to have sex, and who have few options for negotiating sex with their male partners. There is increasing recognition that women and girls represent nearly half of all HIV infections worldwide and that the disease disproportionately affects them in many ways. HHS/NIH supports an extensive AIDS research portfolio on women and girls. The President preceded his announcement of the Emergency Plan by his announcement in June 2002 of his \$500 million International Mother-and-Child HIV Prevention Initiative for Africa and the Caribbean. That initiative, now part of the Emergency Plan, is intended to treat one million women annually and reduce mother-to-child transmission of HIV by 40 percent within five years or less in target countries.

Several U.S. Government agencies, including the U.S. Agency for International Development (USAID) and the U.S. Department of Health and Human Services (HHS), are working with women's organizations, public health groups, and others to define mechanisms to address even better the gender dimensions of the HIV/AIDS pandemic. For example, USAID is supporting policy changes, research and interventions that address issues related to gender and HIV/AIDS and seeks to reduce women and girls' vulnerabilities to HIV/AIDS. Such activities include public outreach materials and peer-education programs directed toward men and boys to address cultural norms about violence and sexual promiscuity; promotion of abstinence and fidelity; research on issues related to women's vulnerability, including cross-generational sex, stigma, and gender-based violence; and identifying and training women's grassroots organizations to participate in policy making processes regarding HIV/AIDS.

Question. We have reports of preferential treatment in the allocation of U.S. funds to "faith-based" organizations. We have heard that in several instances, organizations with little or no experience in public health; with ideological or religious objections to offering information about safer sex and condoms; and whose proposals for funding received low scores under review by technical experts, nevertheless were given preference for funding over other organizations with strong technical capability and long-term experience. Can we get copies of the recent proposals and scores evaluating organizations that are receiving funding?

What specific guidelines are there to ensure that scientific, medical, and public health expertise is put above religious or ideological preferences in the granting of contracts?

Answer. In implementing the President's Emergency Plan for AIDS Relief, we have sought to fund a broad range of innovative partners, including host government agencies, non-governmental organizations, faith-based organizations, networks of persons living with HIV/AIDS and their families, and U.S. institutions, to bring not only expanded capacity but also innovative new thinking to our efforts. The Office of the Global AIDS Coordinator has provided general guidance to U.S. Government agencies in the field to foster partnerships with a broad array of organizations, including organizations that minimize administrative and other costs that do not directly contribute to prevention, treatment and care for persons in need. Guidance has also been provided that a partnering organization should not be required, as a condition of receiving assistance, to endorse or use a multi-sectoral approach to combating HIV/AIDS, or to endorse, use, or participate in a prevention method or treatment program to which the organization has a religious or moral objection. Neither should any organization advocate against any other component of the U.S. Government's programs. In reviewing funding proposals, criteria for the eligibility of applications include that organizations have a track record of experience in directly providing or assisting in providing treatment, care and prevention in the focus countries of the Emergency Plan.

Faith-based organizations were among the first responders to the international HIV/AIDS pandemic, and deliver much needed care and support for fellow human beings in need. Their reach, authority, and legitimacy—like other organizations—identify them as crucial partners in the fight against HIV/AIDS; we are committed to encouraging and strengthening such partners. No organization, secular or faith-

based, however, has received preferential treatment in funding on the basis of its affiliation or background.

Our intent in the initial, first round of grants under the Emergency Plan has been to move as quickly as possible to bring immediate relief to those who are suffering the devastation of HIV/AIDS. The Office of the Global AIDS Coordinator chose programs for funding in the first round because their recipients have existing operations among the focus countries of the Emergency Plan, have a proven track record, and have the capacity to rapidly scale up their operations and begin having an immediate impact.

By initially concentrating on scaling up existing programs that have proven experience and measurable track records, an additional 175,000 people living with HIV/AIDS in the 14 initial focus countries will begin to receive anti-retroviral treatment. Prevention through abstinence messages will reach about 500,000 additional young people, and assistance in the care of about 60,000 additional orphans will soon commence in those same programs.

Regarding copies of proposals and evaluation scores, the Office of the U.S. Global AIDS Coordinator did not contract directly for these proposals, but rather worked through our partner U.S. Government agencies—the U.S. Agency for International Development and the U.S. Department of Health and Human Services. Each has advised that federal executive guidelines establish that absent a Committee request (and the strict protections that are imposed pursuant to such release), proposals or evaluation materials are not released to Members of Congress as a matter of course when they contain (1) proprietary business confidential or “competitively useful” information and (2) protectable deliberative process and privacy information that might be publicly disclosed pursuant to such release. Please see, by reference, Federal Acquisition Regulation 5.403 and <http://www.usdoj.gov/oip/foia_updates/Vol_V_1/page3.htm>. Both HHS and USAID, however, have expressed their willingness to release, on an expedited basis, the requested Request for Applications (RFA), which include the evaluation criteria, and any actual awards that have been made, such awards being appropriately redacted to reflect business proprietary or privacy concerns.

Question. Our law requires recipients of U.S. funds to have a policy opposing prostitution and sex trafficking. However, Senator Frist and I made clear in a colloquy that this requirement would be satisfied if the grant agreement for United States funding states that the grantee opposes prostitution and sex trafficking, rather than by requiring the grantee to have an explicit policy to that effect. Is that colloquy being followed, both with respect to United States and foreign organizations?

Answer. As you note, Section 301(f) of the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (Public Law 108–25) states that “No funds made available to carry out this Act, or any amendment made by this Act, may be used to provide assistance to any group or organization that does not have a policy explicitly opposing prostitution and sex trafficking.” Also of note is Section 301(e), which expressly prohibits funds from being used to promote or advocate the legalization or practice of prostitution or sex trafficking; yet does allow for the provision of HIV/AIDS prevention, treatment and care services to victims of prostitution or sex trafficking.

Proper implementation of these two provisions is critical, and the Office of the U.S. Global AIDS Coordinator intends to implement the law consistent with the U.S. Government’s opposition to prostitution and related activities, especially those that contribute to trafficking in persons. To this end, Congress’s views, including the legislative history, report language and floor statements, have been informative and helpful.

To ensure that the relevant provisions of Public Law 108–25 are met, both the U.S. Department of Health and Human Services (HHS) and the U.S. Agency for International Development (USAID) require that primary grantees affirmatively certify their compliance with the applicable restrictions regarding prostitution and related activities prior to the receipt of any federal funds.

In addition, under the Emergency Plan, HHS and USAID are including the limitation on funds expressed in Section 301(e) in HIV/AIDS funded grants and requiring that primary recipients include the funding limitation in all subagreements. USAID is applying this same process for all HIV/AIDS funded contracts.

Regarding the implementation of Section 301(f), the Office of Legal Counsel (OLC) in the U.S. Department of Justice is considering the constitutional implications of the funding restrictions of Public Law 108–25, particularly Section 301(f). In provisional advice, OLC determined that Section 301(f) can only be constitutionally applied to foreign organizations when they are engaged in activities outside of the United States.

Currently, HHS and USAID are including the Section 301(f) limitation in their international HIV/AIDS funded grants, cooperative agreements, contracts and sub-agreements with foreign organizations. If a U.S. organization is the primary recipient of funds, they must include the Section 301(f) limitation in any subagreement with a foreign organization, as well as ensure, through contract, certification, audit, and/or any other necessary means, that the foreign organization complies with the limitation.

In addition, the Fiscal Year 2004 Foreign Operations, Export Financing and Related Programs Appropriations Act amends Section 301(f) of Public Law 108-25 by exempting the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), the World Health Organization (WHO), the International AIDS Vaccine Initiative (IAVI) and United Nations agencies from that section. Awards to these organizations include the limitation on funds expressed in Section 301(e).

Question. Ambassador Tobias, you have said that the fact that less than 7 percent of women used a condom in their last sex act with their main partner and that less than 50 percent of women have used a condom with casual partners shows that condom are not effective. Would you also say that the low abstinence rates that exist in many countries show that abstinence promotion is not effective in the general population and should therefore be abandoned?

Answer. Under the President's Emergency Plan for AIDS Relief, policy decisions will be evidence-based and will build on the best practices established in the fight against HIV/AIDS. I am committed to bringing the resources of sound science to bear in selecting and developing interventions that achieve real results. Determining which approach is best will depend upon numerous variables, including local needs and circumstances. The Office of the U.S. Global AIDS Coordinator will promote the proper application of the ABC approach through population-specific interventions that emphasize abstinence for youth, including the delay of sexual debut, fidelity for sexually active couples, and correct and consistent use of condoms by persons engaging in behaviors that put them at increased risk for HIV transmission. The success of the ABC model in countries such as Uganda, Zambia, and Ethiopia, among others, has demonstrated that promoting behavior change and healthy lifestyles, including abstinence and delayed sexual initiation, faithfulness and fidelity in marriage and other committed relationships, reduction in the number of partners, and consistent and correct use of condoms, has been and can be successful in preventing the spread of HIV/AIDS. Under the Emergency Plan, abstinence-until-marriage programs will have two goals: (1) Encouraging individuals to be abstinent from sexual activity outside of marriage, and (2) Encouraging individuals to practice fidelity in sexual relationships, including marriage, as ways to reduce risk of exposure to HIV and other sexually transmitted infections (STIs).

Abstinence from sexual intercourse or maintaining a mutually faithful long-term relationship between partners known to be uninfected is the surest way to avoid transmission of HIV and other sexually transmitted infections (STIs). Outside of those conditions, condoms have been an important and successful intervention in many places, particularly when made available in commercial and other casual sexual encounters, areas of high prevalence, or amongst those who do not know their serostatus. While no barrier method is 100 percent effective, correct and consistent use of latex condoms can reduce the risk of transmission of HIV by about 90 percent. The body of research on the effectiveness of latex condoms in reducing sexual transmission of HIV is both comprehensive and conclusive—if they are used correctly and consistently. Certainly, in many of the Emergency Plan focus countries, gender inequities and other issues may impact whether or not people can and will use condoms. However, part of our role in these countries will be to facilitate a shift in cultural norms around HIV prevention behaviors—abstinence, being faithful, and when necessary correct and consistent condom use. When cultural norms shift and prevention mechanism is available, great changes can occur. For example, Thailand slowed its explosive HIV epidemic by promoting “100 percent condom” use in brothels but at the same time discouraging men from visiting prostitutes. As a result of this policy and an accompanying public information campaign, as well as improved STI treatment services, condom use among sex workers increased to more than 90 percent, reported visits to sex workers by men declined by about half, HIV infection rates among military recruits decreased by about half, and the cases of five other STIs decreased by nearly 80 percent among brothel workers. Given the evidence around condom effectiveness, condom use programs the Emergency Plan supports will be leveraged across a range of situations in which those persons at increased risk for becoming infected by or for transmitting HIV will have access to them, and will include communication components to encourage responsible behavior.

QUESTIONS SUBMITTED BY SENATOR BARBARA A. MIKULSKI

Question. PEPFAR only covers 14 countries in Africa and the Caribbean. Other regions such as Eastern Europe, Latin America and Asia are left behind. Reports indicate that although Africa and the Caribbean have the largest rates of infection presently, however if left unaddressed, countries like China and India, with their large populations will easily overtake Africa in number of infections. For example, estimates show that by 2010, the number of HIV infections in India is predicted to rise from 4 million to 20–25 million, the current number of infections on the entire continent of Africa.

How are we looking to the future and addressing the emerging threats in other parts of the world?

Answer. The vision of the President's Emergency Plan is to turn the tide of HIV/AIDS. Recognizing that HIV is a virus that knows no borders, the Emergency Plan continues to support strengthened programming across the world in order to achieve this vision. The President's Emergency Plan includes nearly \$5 billion to support on-going bilateral HIV/AIDS programs in approximately 100 countries worldwide.

Question. In 2003, 58 percent of the 26.6 million people living with HIV/AIDS in sub-Saharan Africa were women. Young women between the ages of 15–24 in Africa and the Caribbean are 2.5 times more likely to have HIV than young men and teenage women are 5 times as likely. The vast majority of these women are identified as having only one mode of exposure to HIV—sex with their husbands.

Given that most sexually transmitted HIV infections in females occur either inside marriage or in relationships women believe to be monogamous, what targeted and appropriate prevention policy do we have that addresses this most vulnerable segment of the population?

Answer. I share your concerns about the vulnerabilities of young women to HIV/AIDS. Targeted and appropriate prevention strategies to address the vulnerability of women to exposure to HIV are integral to the President's Emergency Plan. The U.S. Five Year Global HIV/AIDS Strategy includes not only preventing seven million infections in some of the most afflicted countries in the world, but also continues bilateral, regional and multilateral efforts to prevent new infections.

Limitations in human resources and sites able to provide PMTCT are major impediments to implementing national PMTCT programs. The President's Mother and Child Initiative, now folded into the Emergency Plan, focused on the need to develop capacity to effectively scale-up programs. Through the President's International Mother and Child HIV Prevention Initiative and the Emergency Plan for AIDS Relief, the U.S. Government provided \$143 million for PMTCT activities and programs from October 1, 2002, to March 31, 2004. As a result, 14,700 health workers received training in the provision of PMTCT services and 900 health facilities received financial and technical support, which enabled the provision of a minimum package of PMTCT care, including (1) voluntary counseling and testing for pregnant women, (2) anti-retroviral prophylaxis to HIV-infected women to prevent HIV transmission, (3) counseling and support for safe infant-feeding practices, and (4) voluntary family planning counseling and referral. The focus on training and developing sites for PMTCT lays the foundation for scaling-up national programs, thus making a substantial step towards the Emergency Plan goal of averting seven million new HIV infections. Moreover, reaching women during pregnancy provides a critical opportunity for those who test negative to receive counseling to avoid infection.

PMTCT centers also foster and build healthy families by offering counseling and testing for expectant fathers. For example, the U.S. Government and the Elisabeth Glaser Pediatric AIDS Foundation support the Masaka Health Center in Rwanda. It has developed unique program to encourage couples to participate jointly in prenatal care and subsequently HIV testing. A personalized written invitation is prepared in the local language (Kinyarwanda) for all women who participate in prenatal care at the center and agree to be tested for HIV after counseling. They are invited to return with their partner the following weekend for a special session. This approach has resulted in a 74 percent HIV testing rate for male partners at Masaka, as compared to 13 percent for 12 other sites in the same program. Based on the success of this approach, the Foundation intends to introduce this concept to its other sites as part of an overall initiative to increase partner testing.

Under the Emergency Plan, we also foster approaches that recognize father/husband have a role to play as far as violence and HIV prevention are concerned. In Soweto, South Africa a PMTCT unit employed six counselors in 2003, one of whom one was an HIV-positive male who lost his baby son to HIV/AIDS. This counselor helped men talk about their disease and its consequences.

The Emergency Plan also supports activities to stimulate male involvement in HIV/AIDS prevention efforts. On March 27, 2004, a Solidarity Center in South Afri-

ca supported by the Emergency Plan organized a “Men as Partners” and voluntary counseling and testing (VCT) day for various workers unions in the community. The daylong program was designed to get men involved in preventing HIV transmission and violence against women.

Increasingly, young women and men who are sexually active are committing to a monogamous relationship. The President’s Emergency Plan Strategy supports comprehensive and effective prevention approaches that reflect the complex influences on young people’s decision-making and the need to address the broader social factors that shape their behaviors. Internationally, a number of programs have proven successful in increasing abstinence until marriage, delaying first sex, reducing the number of partners, and achieving “secondary abstinence” among sexually experienced youth.

The Emergency Plan recognizes several categories of activities as part of its rapid scale-up of prevention programs for young adults:

Scale up skills-based HIV education, especially for younger youth and girls.—We need to reach young people early, before they begin having sex, with skills-based HIV education that provides focused messages about the benefits of abstinence until marriage and other safe behaviors. Best practices suggest that curricula that target specific risk factors for early sexual activity in the local context, delivered through interactive methods that help young people clarify values, build communication skills and personalize risk are most effective. Ideally, programs go beyond sexuality to build on young people’s assets of character and encourage them to stay in school and plan for their futures.

Broad social discourse on safer norms and behaviors.—Communities need to mobilize to address the norms, attitudes, values, and behaviors that increase vulnerability to HIV, including multiple casual sex partners and cross-generational and transactional sex. The Emergency Plan supports groups that seek to generate public discussion about harmful social and sexual behaviors through a variety of media and other activities, at both the community and national levels.

Reinforcement of the role of parents and other protective factors.—Parents are potentially the most powerful protective factors in young people’s lives; they have great potential to guide youth toward healthy and responsible decision-making and safer behaviors. In Emergency Plan countries, where many youth have lost their parents to AIDS, other adult caregivers and mentors also have an important role to play in providing guidance to youth. The Emergency Plan will support efforts to reach out to parents and other adult caregivers to educate and involve them in issues relating to youth and HIV and to empower them by improving their communication skills in the areas of sexuality as well as broader limit-setting and mentoring.

Address sexual coercion and exploitation of young people.—Adolescents need a safe environment where they can grow and develop without fear of forced or unwanted sex, which often precludes the option of abstinence. The Emergency Plan supports psychosocial and other assistance for victims of sexual abuse. The Emergency Plan also supports efforts to target men with messages that challenge norms about masculinity and emphasize the need to stop sexual violence and coercion.

In sum, the President’s Plan recognizes that prevention is a continuum in which all members of the community—the young and the mature, girls and women, and boys and men must be meaningfully engaged to prevent the spread of HIV/AIDS.

Question. There are currently 14 million people co-infected with TB and HIV. TB is the leading killer worldwide of people who die of AIDS, responsible for one third of all AIDS deaths. Fewer than half of those with HIV who are sick with TB in the 14 countries targeted in PEPFAR have access to TB treatment.

How does the PEPFAR initiative address the issue of TB co-infection?

Answer. The Office of the U.S. Global AIDS Coordinator is committed to the appropriate coordination, integration and support of tuberculosis (TB) and HIV/AIDS services and programs. As you are aware, opportunistic infections, such as TB and malaria, play a fundamental role in the overall health of HIV infected individuals. TB is frequently the first manifestation of HIV/AIDS disease, the reason many people first present themselves for medical care, and the leading killer of people with HIV/AIDS.

Since both tuberculosis treatment and HIV/AIDS treatment require longitudinal care and follow-up, successful TB programs provide excellent platforms upon which to build capacity for HIV/AIDS treatment. The Emergency Plan for AIDS Relief will support TB treatment for those who are HIV-infected and develop HIV treatment capacity in TB programs. In addition, interventions that increase the number of persons diagnosed and treated for HIV/AIDS will increase the need for TB treatment and care. Therefore, action is required to build or maintain necessary tuberculosis treatment capacity. For example, laboratories, clinical staff, community networks,

and management structures used for TB control can be upgraded to accommodate HIV/AIDS treatment. Finally, because the prevalence of HIV infection is high among persons with tuberculosis, TB programs will be important sites for HIV testing in the focus countries, and the Emergency Plan will work toward ensuring the availability of TB testing in HIV testing, treatment and care sites.

Question. The Global Fund to Fight AIDS, TB and Malaria specifically addresses co-infection issues has seen a cut in funding. How can you justify this?

Answer. The President's Emergency Plan for AIDS Relief made a pledge of \$200 million each year for the five-year period of 2004–2008. Our fiscal year 2005 request therefore remains the same as our request in fiscal year 2004. We were the first donor to make such a long-term pledge of support to the Global Fund, which together with our previous donations to the Fund still represents nearly 40 percent of all pledges and contributions through 2008.

The American people can be extremely proud of our record of support for the Global Fund, which is an integral part of the Emergency Plan for AIDS Relief. When the United States contributes to a project of the Global Fund, it means that our dollars are leveraged in these grants by a factor of two, since the United States thus far has provided one-third of all Fund monies. The Fund has so far committed \$2.1 billion to 224 grants in 121 countries and three territories. So it is in our interests, as well as the interest of all people struggling against HIV/AIDS, malaria and tuberculosis, to see to it that the Global Fund is an effective partner in the fight against these diseases.

The Global Fund nevertheless is a relatively new organization, particularly in comparison to the 20 years of bilateral HIV/AIDS programs carried out by the United States and other bilateral donors. As of May 15, 2004, the Global Fund had disbursed approximately \$311 million since the Global Fund's Board approved its first round of funding in January 2002. This compares to the first \$350 million under the President's Emergency Plan sent to our focus countries only three weeks after the program first received its funding.

This is not to criticize the Global Fund for being slow—indeed, the United States is one of the donors that has been urging the Global Fund to move carefully to ensure accountability and avoid waste. It does highlight, however, the potential effectiveness of bilateral assistance where donors already have an in-country presence.

We need both multilateral and bilateral avenues of assistance; neither the Global Fund nor bilateral donors can do it all. Other bilateral donors also need to step up with greater technical assistance to Global Fund projects, without which those projects will founder.

In addition, the United States believes that in order for funds to be effectively and efficiently disbursed, Country Coordinating Mechanisms (CCMs) and Local Fund Agents (LFAs) must actively engage in overseeing the implementation of grant activities. The United States would like to see, in particular, a stronger representation of the private sector, non-governmental organizations, and people living with the diseases on CCMs, largely chaired now by government ministries. Engaging a broader representation of various stakeholders will help reduce potential acts of corruption and will allow for a wider distribution of funds to serve more individuals in need.

The Global Fund has already announced, in advance of the June Board meeting, that Round Four proposals approved by the Technical Review Panel will not exceed the cash already on-hand, so that, at least through this Round, no funding gap exists. And we, along with other donors, believe that as a new organization, the Global Fund should not press its current capacity too far, and our position is that Round Five should not occur until late 2005 and Round Six no earlier than the following year. The Fund's first projects will not come up for review and possible renewal until August 2004, and we will have a better sense at that time of its performance record and future needs.

Question. On April 6, 2004, the Global Fund to Fight AIDS, TB and Malaria, the World Bank, UNICEF and the Clinton Foundation brokered a deal to announce that high quality AIDS medicines would be available for prices 50 percent less than currently available.

Will the President's initiative take advantage of these of these options?

Answer. It has always been our policy to provide, through the Emergency Plan, drugs that are acquired at the lowest possible cost, regardless of origin or who produces them, as long as we know they are safe, effective, and of high quality. These drugs could include brand-name products, generics or copies of brand-name products.

Our commitment from the beginning has been to move with urgency to help build the human and physical capacity needed to deliver this treatment, and to fund the purchase of HIV/AIDS drugs to provide this treatment at the most cost-effective

prices we can find—but only drugs we can assure ourselves are safe and effective. The people we are serving deserve the same assurances of safety and efficacy that we expect for our own families here in the United States. There should not be a double standard for quality and safety.

On May 16, Health and Human Services (HHS) Secretary Tommy G. Thompson and U.S. Global AIDS Coordinator Ambassador Randall L. Tobias held a joint press conference in Geneva, Switzerland, in advance of the World Health Assembly. Secretary Thompson and Ambassador Tobias made two very important announcements on these issues.

First, Secretary Thompson announced an expedited process for HHS, through its Food and Drug Administration (FDA), to review applications for HIV/AIDS drug products that combine already-approved individual HIV/AIDS therapies into a single dosage, often referred to as “fixed-dose combinations” (FDCs), and for co-packaged products, often referred to as “blister packs.” Drugs approved by HHS/FDA under this process will meet all normal HHS/FDA standards for drug safety, efficacy, and quality.

This new HHS/FDA process will include the review of applications from research-based companies that have developed already-approved individual therapies, or from companies that are manufacturing copies of those drugs for sale in developing nations. There are no true generic versions of these HIV/AIDS drugs because they all remain under intellectual property protection here in the United States. The steps taken by HHS/FDA could encourage the development of new and better therapies to help win the war against HIV/AIDS.

Second, Ambassador Tobias announced that when a new combination drug for HIV/AIDS treatment receives a positive outcome under this expedited HHS/FDA review, the Office of the U.S. Global AIDS Coordinator will recognize that evaluation as evidence of the safety and efficacy of that drug. Thus the drug will be eligible to be a candidate for funding by the Emergency Plan for AIDS Relief, so long as international patent agreements and local government policies allow their purchase. Where it is necessary and appropriate to do so, Ambassador Tobias will also use his authority to waive the “Buy American” requirements that might normally apply.

We hope HHS/FDA will receive applications as soon as possible from many companies that will want their drugs to be candidates for use in the treatment programs of the President’s Emergency Plan.

Because of the President’s Emergency Plan for AIDS Relief, and with the partnerships between the Emergency Plan and those individuals and organizations who are delivering treatment on the ground, we expect to increase the number of HIV-infected persons who are receiving treatment in our 14 focus countries by approximately 175,000. Today, patients are receiving treatment in Kenya and Uganda because of the Emergency Plan, and I expect that as we and others scale up our efforts, millions of more people will follow those who are already receiving this life-extending therapy.

Finally, we note that the most limiting factor in providing HIV/AIDS treatment is not drugs—it is the human and physical capacity in the health care systems in the countries we are seeking to assist. Many countries are desperately short of health care infrastructure and health care workers. Both are needed to deliver treatment broadly and effectively. We are focused on addressing this limitation as well.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

Question. Mr. Ambassador, I would like to get clarification on the Administration’s position on contributions to the Global Fund for 2005.

The President’s 2005 budget provides only \$200 million for the Global Fund in 2005. This is less than half of the \$547 million Congress provided in 2004 and far less than the most conservative estimate of Global Fund need from the United States for 2005 of \$1.2 billion. The Global Fund is a critical partner in the 14 countries that are part of the President’s Emergency Plan for AIDS Relief (PEPFAR) and is needed in all the other countries that PEPFAR won’t reach (the Global Fund currently has grants in 122 countries). The Global Fund is currently the most important new funder of TB and malaria, as well as AIDS programs, globally.

(1) Mr. Ambassador, can you justify the President’s \$200 million request for the Global Fund in 2005, explaining why this amount is sufficient when it represents only 37 percent of what was appropriated for the Global Fund for 2004, only 24 percent of what the Global Fund has already raised for 2005, and only 6 percent of what the Global Fund will need in 2005 if it approves two rounds for that year?

(2) Why has the Administration proposed such severe cuts to the Global Fund?

(3) How can we provide leadership to the Fund while providing only \$200 million, only six percent? \$200 million isn't even a third of what's needed to keep existing programs running—that would be around \$530m.

(4) How will the Global Fund be able to renew existing grant awards from Rounds 1-3 and be able to award grants in Rounds 5 and 6 to the many countries left out of your 14 country initiative, yet equally needy?

(5) Will you support funding the Global Fund at a level of \$1.2 billion to meet its 2005 need?

Answer. The President's Emergency Plan for AIDS Relief made a \$200 million per year commitment of pledges for the five-year period of 2004-2008. Our fiscal year 2005 request therefore remains the same as our request in fiscal year 2004. We were the first donor to make such a long-term pledge of support to the Global Fund, which together with our previous donations to the Fund still represents nearly 40 percent of all pledges and contributions through 2008.

The American people can be extremely proud of our record of support for the Global Fund, which is an integral part of the Emergency Plan for AIDS Relief. As you note, we cannot make every country a focus country, and there are other nations equally needy. When the United States contributes to a project of the Global Fund, it means that our dollars are leveraged in these grants by a factor of two, since the United States thus far has provided one-third of all Fund monies. The Fund has so far committed \$2.1 billion to 224 grants in 121 countries and three territories. So it is in our interests, as well as the interest of all people struggling against HIV/AIDS, malaria and tuberculosis, to see to it that the Global Fund is an effective partner in the fight against these diseases.

The Global Fund nevertheless is a relatively new organization, particularly in comparison to the 20 years of bilateral HIV/AIDS programs carried out by the United States and other bilateral donors. Like all new organizations, it is quite understandably undergoing some growing pains. As of May 15, 2004, the Global Fund had disbursed approximately \$311 million to Principal Recipients since the Global Fund's Board approved its first round of funding in January 2002. This compares to the first \$350 million under the President's Emergency Plan sent to our focus countries only three weeks after the program first received its funding.

This is not to criticize the Global Fund for being slow—indeed, the United States is one of the donors that has been urging the Global Fund to move carefully to ensure accountability and avoid waste. It does highlight, however, the potential effectiveness of bilateral assistance where donors already have an in-country presence.

We need both multilateral and bilateral avenues of assistance; neither the Global Fund nor bilateral donors can do it all. Other bilateral donors also need to step up with greater technical assistance to Global Fund projects, since without which those projects will founder.

In addition, the United States believes that to disburse funds effectively and efficiently, Country Coordinating Mechanisms (CCMs) and Local Fund Agents (LFAs) must get actively engaged in overseeing the implementation of grant activities. The United States in particular would like to see a stronger representation of the private sector, non-governmental organizations, and people living with the diseases on CCMs, which are largely (approximately 85 percent) chaired by government ministries. Engaging a broader representation of various stakeholders will help reduce potential acts of corruption, and will allow for a wider distribution of funds so that more individuals in need can be served.

The Global Fund has already announced, in advance of the June Board meeting, that the two-year budgets of Round Four proposals recommended by the independent Technical Review Panel will not exceed the cash already on-hand, so that, at least through this Round, no funding gap exists. And we, along with other donors, believe that as a new organization, it might be best for the Global Fund not to press its current capacity too far, and our position is that Round Five should not occur until late 2005 and Round Six no earlier than the following year. The Global Fund's first projects will not come up for review and possible renewal until August 2004, and we will have a better sense at that time of its performance record and future financial needs.

Question. Ambassador Tobias, tuberculosis is the greatest curable infectious killer on the planet and the biggest killer of people with HIV. Treating TB in people with HIV can extend their lives from weeks to years. I am very concerned that the President's 2005 budget actually cuts TB and malaria funding by some \$46 million. And the President's AIDS initiative fails to focus on expanding TB treatment as the most important thing we can do right now to keep people with AIDS alive and the best way to identify those with AIDS who are candidates for anti-retroviral drugs.

I was just in India where TB is a currently far greater problem than HIV—though AIDS is rapidly catching up—and a new WHO report has shown that parts of the

former Soviet Union and Eastern Europe have rates of dangerous drug resistant TB 10 TIMES the global average! TB rates have skyrocketed in Africa in conjunction with HIV, and yet only one in three people with HIV in Africa who are sick with TB even have access to basic life-saving TB treatment. We are missing the boat on this issue—at our own risk! The cuts in TB funding are short-sighted and I think TB efforts should be expanded.

(6) Make it a priority to expand access to TB treatment for all HIV patients with TB and link TB programs to voluntary counseling and testing for HIV.

(7) Push to expand overall funding to fight TB to our fair share of the global effort? (The United States is currently investing about \$175 million in TB from all sources, including our contribution to the Global Fund.)

(8) Consider appointing a high-level person in your office to be the point person for TB efforts?

Answer. The Office of the U.S. Global AIDS Coordinator is committed to the appropriate coordination, integration and support of tuberculosis (TB) and HIV/AIDS services and programs across the U.S. Government. As you are aware, opportunistic infections, such as TB and malaria, are great risks to the overall health of HIV-infected individuals. TB is frequently the first manifestation of HIV/AIDS disease, the reason many people first present themselves for medical care, and the leading killer of people with HIV/AIDS.

Since both tuberculosis treatment and HIV/AIDS treatment require longitudinal care and follow-up, successful TB programs provide excellent platforms upon which to build capacity for HIV/AIDS treatment. The Emergency Plan will improve referral for TB patients to HIV testing and care, support TB treatment for those who are HIV-infected and develop HIV treatment capacity in TB programs. In addition, interventions that increase the number of persons diagnosed and treated for HIV/AIDS will increase the need for TB treatment and care. Therefore, action is required to build or maintain necessary tuberculosis treatment capacity. For example, laboratories, clinical staff, community networks, and management structures used for TB control can be upgraded to accommodate HIV/AIDS treatment. Finally, because the prevalence of HIV infection is high among persons with tuberculosis, TB programs will be important sites for HIV testing in the focus countries as well as ensuring that TB testing is available in HIV testing, treatment and care sites.

Finally, the Office of the U.S. Global AIDS Coordinator will take into consideration your suggestion for identifying an individual within the Office of the Coordinator to have specific responsibilities related to coordinating TB and HIV/AIDS efforts.

Question. Ambassador Tobias, in September 2002, the National Intelligence Council released a report that identified India, China, Nigeria, Ethiopia and Russia, countries with large populations and of strategic interest to the US, as the “next wave” where HIV is spreading rapidly. India already contains one-third of the global TB burden, and because AIDS fuels TB, TB rates will also skyrocket as AIDS spreads.

(9) Congress mandated a 15th country be included as a part of the President's AIDS Initiative. The PEPFAR strategy report stated that this 15th country will be named shortly. When will you make a decision? Do you know what country this will be?

(10) What consideration is being given to including India as the 15th country, given the large number of HIV cases already present, the growing HIV problem that is likely to become a more generalized epidemic and India's strategic importance?

India also has a remarkable TB program that has expanded over 40 fold in the last 5 years, and treated 3 million patients and trained 300,000 health workers. I would suggest that India's TB program has important lessons for scale-up of AIDS treatment programs in India and globally and we should support it and use it as a model.

Answer. Consultations regarding the selection of a 15th country have been underway. As a first step, the U.S. Global AIDS Coordinator has consulted with senior officials within the Administration, including at the U.S. Agency for International Development (USAID), the U.S. Department of Health and Human Services (HHS), and the U.S. Department of State, about possible candidate countries for the 15th focus country. From this consultative process, the Coordinator's Office has identified the following list of 39 countries by one or more of the agencies named above as a potential candidate for the 15th focus country.

EMERGENCY PLAN FOR AIDS RELIEF 15TH FOCUS COUNTRY—INITIAL CANDIDATE COUNTRIES

Albania, Armenia, Azerbaijan, Bangladesh, Belarus, Bolivia, Brazil, Burma, Cambodia, China, Croatia, Egypt, El Salvador, Estonia, Georgia, Guatemala, Honduras, India, Indonesia, Jordan, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Mexico, Moldova, Nepal, Nicaragua, Peru, Philippines, Romania, Russia, Tajikistan, Thailand, Turkmenistan, Ukraine, Uzbekistan, and Vietnam.

Currently, these countries are being considered in the context of the 10 standards listed below. These considerations provide a basis for comparative analysis and discussion regarding the potential candidates. It is important to note that these do not represent weighted criteria against which Ambassador Tobias will quantitatively evaluate to recommend one to the President. We do not expect that any one country will excel in all areas; instead, Ambassador Tobias and his staff are evaluating each country for its collective strengths and weaknesses.

- Severity and Magnitude of the Epidemic.*—The prevalence rate, the rate of increase in HIV infection, and the total number of people living with HIV/AIDS.
- Commitment of Host-Country Government.*—The basis of leadership's willingness to address HIV/AIDS and stigma and its desire to partner in an amplified response.
- Host-Country commitment of resource potential.*—The degree to which the host government has the capacity and the determination to make trade-offs among national priorities and resources to combat HIV/AIDS.
- Enabling Environment.*—The level of corruption, stigma, free press, state of government bureaucracies and the strength of bilateral partnerships, all of which help determine whether we can use Emergency Plan resources effectively.
- U.S. Government In-country Presence.*—Whether the country has a strong U.S. Government bilateral in-country presence through USAID and/or HHS.
- Applicability of Emergency Plan Approaches.*—Whether modes of transmission of HIV/AIDS in the host country are receptive to Emergency Plan interventions.
- Potential Impact of Emergency Plan Interventions.*—How many people we can reach and the effect of intervention on the trajectory of disease.
- Gaps in Response.*—Whether the U.S. Government's technical expertise, training, development and strengthening of health care systems and infrastructure would fill gaps in the current response.
- Existence of Other Partners.*—Whether non-governmental organizations and other partners have a substantial in-country presence and can facilitate rapid expansion of services and the efficient use of funds.
- U.S. Strategic Interests.*—The Emergency Plan is ultimately a humanitarian endeavor. At the same time, applicability of U.S. strategic interests could further the sustainability of programming, engender new sources of support, and offer increased opportunities for partnerships.

With regard to India, it is among the potential candidates for the 15th focus country. As you know, India has the second-largest population of HIV-infected persons in the world, second only to South Africa. Regardless of its selection as a 15th focus country, an amplified response is necessary to stem the potential for a generalized epidemic that would greatly increase India's HIV/AIDS burden. India has a well-developed national strategic plan to address HIV/AIDS and a comparatively large pool of health professionals to assist in its implementation.

In addition, the Emergency Plan for AIDS Relief includes nearly \$5 billion to support on-going bilateral HIV/AIDS programs in approximately 100 countries worldwide, including India. USAID and HHS are highly engaged and active in the HIV/AIDS response in India. India is a participating country in HHS' Global AIDS Program through which the Department allocated \$2.3 million for HIV/AIDS programs in India in fiscal year 2002, and \$3.6 million in fiscal year 2003. USAID allocated \$12.2 million to HIV/AIDS prevention and care activities in India in fiscal year 2002, and \$13.5 million in fiscal year 2003. Additionally, both the U.S. Departments of Defense and Labor have HIV/AIDS programs underway in India. Numerous other donors, including governments, the private sector, multilateral organizations, and foundations, also fund HIV/AIDS programs in India.

With regard to using India's tuberculosis program as a model for HIV/AIDS treatment, the President's Emergency Plan for AIDS Relief is focused on identifying and promoting evidence-based best practices in combating HIV/AIDS. The Directly Observed Therapy Short-Course (DOTS) treatment that has been so effective in India has served as a model for HIV/AIDS treatment programs in Haiti and elsewhere. One of the most important lessons drawn from the DOTS program is its use of community health workers to expand access to treatment. The network model of treatment and care promoted by the President's Emergency Plan implements this lesson

by using community health workers to expand access to HIV/AIDS treatment in rural areas where consistent access to medical health professionals is limited.

The President's Emergency Plan for AIDS Relief also recognizes the importance of local context in implementing effective HIV/AIDS treatment programs. India's human resource capacity is significantly greater than that of many focus countries of the President's Emergency Plan, as is the reach of its health care infrastructure. These advantages play a significant role in India's tuberculosis treatment success, but represent limiting factors in access to treatment in the focus countries. Thus, the Emergency Plan, while actively implementing best practices identified from the success of DOTS therapy, focuses significant resources in building human capacity and strengthening health infrastructure in the focus countries to support expanded treatment programs.

Question. In a press release of April 13, 2004, USAID announced the first round of grants made under PEPFAR with fiscal year 2004 funding. Five grants were announced for projects in just some of the 14 countries eligible for PEPFAR funding, totaling less than \$35 million. Only three of these grants—totaling just \$18 million were directed to orphans and vulnerable children (OVC) programs. Not one of these grants exceeded \$7 million, even though all were for efforts in multiple countries.

Given the magnitude of the orphan problem, and the grave consequences it has for the children, their families and communities, and for their countries, these efforts seems far too tentative and too limited, far smaller than the effort anticipated by Congress in allocating 10 percent of fiscal year 2004 HIV/AIDS funds for OVC programs.

I am concerned that our financial support to date is too limited to effectively address the needs of rapidly growing numbers of orphans and other children affected by AIDS.

(11) Can you tell me how much of the fiscal year 2004 appropriation for HIV/AIDS has in fact been committed to date for this purpose and how much will be committed in fiscal year 2005?

(12) Can you assure me that fully 10 percent of the 2005 appropriations will be dedicated to this critical problem and that funding for OVC programs will expand significantly from what appears to be a slow and tentative beginning?

Answer. Each of the identified focus countries has submitted a Country Operational Plan (COP) for approval to Office of the U.S. Global AIDS Coordinator. Each COP describes the activities the U.S. Government will undertake for the remainder of fiscal year 2004 in that country. Once these plans are approved, the amount of fiscal year 2004 resources committed for activities to address orphans and vulnerable children will be available, and the Global AIDS Coordinator will be pleased to share the information with your office.

The United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (Public Law 108-25) provides that for fiscal years 2006 through 2008 not less than 10 percent of the amounts appropriated for bilateral HIV/AIDS assistance be expended for assistance for orphans and vulnerable children affected by HIV/AIDS. The Office of the U.S. Global AIDS Coordinator is committed to meeting this funding requirement through a broad-range of activities targeted at the needs of orphans and vulnerable children. In addition, USAID has recognized the importance of funding programs to support children affected by HIV/AIDS for the past few years. USAID's programs in this area are beginning to grow significantly under the Emergency Plan. Grants for orphans and vulnerable children were some of the first announced under the Emergency Plan. These grants will provide resources to assist in the care of about 60,000 additional orphans in the Emergency Plan's 14 focus countries in Africa and the Caribbean. Approaches to care will include providing critical, basic social services, scaling up basic community-care packages of preventive treatment and safe water, as well as HIV/AIDS prevention education.

Prior to the implementation of the Emergency Plan, USAID was funding over 125 programs in 27 countries to specifically respond to the unique issues facing children affected by HIV/AIDS. In addition, USAID funds a consortium of groups who are working together as the "Hope for Africa's Children Initiative."

Question. Scale-Up: The HIV/AIDS pandemic has had an enormous impact on the world's youth. To date, 13–14 million children have been orphaned by AIDS, and that number is expected to reach more than 25 million by 2010. The virtual "tsunami" of orphans in sub-Saharan Africa will spread to new countries in Africa and to Asia as death rates from AIDS rise in those regions.

(13) Within PEPFAR and other programs, what are you currently doing to scale-up efforts as regards AIDS treatment, health care and getting these children in school?

Answer. Under the Emergency Plan for AIDS Relief, activities targeted at orphans and vulnerable children will be aimed at improving the lives of children and

families affected by HIV/AIDS. The emphasis is on strengthening communities and families to meet the needs of orphans and vulnerable children affected by HIV/AIDS, supporting community-based responses, helping children and adolescents meet their own needs, and creating a supportive social environment. Program activities could include the following:

- Training caregivers;
- Increasing access to education;
- Economic support;
- Targeted food and nutrition support;
- Legal aid;
- Support of institutional responses;
- Medical, psychological, or emotional care; and,
- Other social and material support.

Question. Yesterday Secretary Thompson announced a major shift in AIDS policy relating to anti-retroviral (ARV) drugs. It is good news that the administration has created a policy that will be more streamlined than the usual HHS/FDA process for approval of anti-retroviral (ARV) generic and combination drugs. But it also seems to be creating a parallel process to that which the World Health Organization has set up to pre-qualify generic and combination ARV drugs.

I am concerned that this policy undermines the authority of the World Health Organization, which did such an admirable job combating SARS and that we need now to be strong in fighting AIDS. It also seems a slap in the face to our European allies whose regulatory authorities are the underpinning of the WHO's pre-qualification process.

(14) Are you at all concerned at the message this sends to our partners abroad about the level of respect we are prepared to give them?

(15) How will you ensure that the WHO retains its role and has the resources to expand its provision of technical assistance?

Answer. It has always been our policy to provide, through the Emergency Plan, drugs that are acquired at the lowest possible cost, regardless of origin or who produces them, as long as we know they are safe, effective, and of high quality. These drugs could include brand-name products, generics or copies of brand-name products.

Our commitment from the beginning has been to move with urgency to help build the human and physical capacity needed to deliver this treatment, and to fund the purchase of HIV/AIDS drugs to provide this treatment at the most cost-effective prices we can find—but only drugs we can assure ourselves are safe and effective. The people we are serving deserve the same assurances of safety and efficacy that we expect for our own families here in the United States. There should not be a double standard for quality and safety.

On May 16, Health and Human Services (HHS) Secretary Tommy G. Thompson and U.S. Global AIDS Coordinator Ambassador Randall L. Tobias held a joint press conference in Geneva, Switzerland, in advance of the World Health Assembly. Secretary Thompson and Ambassador Tobias made two very important announcements that impact on these issues.

First, Secretary Thompson announced an expedited process for HHS, through its Food and Drug Administration (FDA), to review applications for HIV/AIDS drug products that combine already-approved individual HIV/AIDS therapies into a single dosage, often referred to as "fixed-dose combinations" (FDCs), and for co-packaged products, often referred to as "blister packs." Drugs approved by HHS/FDA under this process will meet all normal HHS/FDA standards for drug safety, efficacy, and quality.

This new HHS/FDA process will include the review of applications from research-based companies that have developed already-approved individual therapies, or from companies that are manufacturing copies of those drugs for sale in developing nations. There are no true generic versions of these HIV/AIDS drugs because they all remain under intellectual property protection here in the United States. The steps taken by the HHS/FDA could encourage the development of new and better therapies to help win the war against HIV/AIDS.

Second, Ambassador Tobias announced that when a new combination drug for HIV/AIDS treatment receives a positive outcome under this expedited HHS/FDA review, the Office of the U.S. Global AIDS Coordinator will recognize that evaluation as evidence of the safety and efficacy of that drug. Thus the drug will be eligible to be a candidate for funding by the Emergency Plan for AIDS Relief, so long as international patent agreements and local government policies allow their purchase. Where it is necessary and appropriate to do so, Ambassador Tobias will also use his authority to waive the "Buy American" requirements that might normally apply.

We hope HHS/FDA will receive applications as soon as possible from many companies that will want their drugs to be candidates for use in the treatment programs of the President's Emergency Plan.

With regard to the World Health Organization (WHO), we have the highest respect for the WHO and its prequalification pilot program. However, the WHO is not a regulatory authority. We must be assured the drugs we provide meet acceptable safety and efficacy standards and are of high quality. Under the Emergency Plan, we intend to support programs that will have a sustainable positive impact on health. If the medications in question have not been adequately evaluated, have had problems with safety or cause resistance issues in the future, the patients we serve and the international community we appropriately hold us accountable. We will continue to work with the WHO and the international community on this important area.

Because of the President's Emergency Plan for AIDS Relief, and with the partnerships between the Emergency Plan and those individuals and organizations that are delivering treatment on the ground, we expect to increase the number of HIV-infected persons who are receiving treatment by approximately 175,000. Today, patients are receiving treatment in Kenya and Uganda because of the Emergency Plan, and we expect that as we and others scale up our efforts, millions of more people will follow those who are already receiving this life extending therapy.

Finally, we note that the most limiting factor in providing HIV/AIDS treatment is not drugs—it is the human and physical capacity in the health care systems in the countries we are seeking to assist. Many countries are desperately short of health care infrastructure and health care workers. Both are needed to deliver treatment broadly and effectively. We are focused on addressing this limitation as well.

Question. Ambassador Tobias, while we know that your PEPFAR mandate keeps you focused on ramping up treatment and current preventive tools as quickly as possible in the countries hit hardest by the epidemic, the unfortunate truth is that treatment is unlikely to keep up with the growth of the epidemic. The President's plan calls for putting two million people on much-needed treatment by 2008, yet millions more will have been infected by then—5 million a year, according to UNAIDS.

(16) What role do you see your office playing to catalyze efforts underway to develop and distribute a preventive vaccine?

(17) What synergies do you see between the medical infrastructure needed for providing testing and treatment, and ongoing clinical trials in the developing world?

(18) How can PEPFAR programs lay the groundwork for future delivery of vaccines and other preventive technologies like microbicides?

Answer. I am strongly supportive of the need for research and development on new technologies for preventing HIV transmission, such as a preventive HIV vaccine, microbicides, and improved means to prevent mother-to-child HIV transmission (PMTCT). The U.S. Government, through the U.S. Department of Health and Human Services (HHS), the U.S. Department of Defense, and the U.S. Agency for International Development, has been substantially engaged in biomedical and behavioral research efforts in these areas for the past 20 years. Findings from HHS/National Institutes of Health (NIH) sponsored research provide the crucial scientific basis for HIV/AIDS treatment regimens, prevention interventions, and standards of care. My office intends to continue to support and promote research through leadership in continuing to advocate for such research, and to assure that it is well-coordinated with the goals of the President's Emergency Plan for AIDS Relief.

In the field, there are a number of ways our new and expanded programs for HIV/AIDS prevention, care, and treatment will help to promote this important research into new prevention technologies. First, the core of our treatment and care activities will be implemented through the "Network Model". This model supports Central Medical Centers and other community settings where prevention research can take place in a quality health care setting, including the provision of anti-retroviral therapy and other HIV/AIDS prevention, care, and treatment (including PMTCT). Expanding these services through the Emergency Plan will provide an increased number of settings where HIV/AIDS prevention research can be supported. Second, the emphasis on "institutional twinning" (defined as matching hospitals; clinics; schools of medicine, nursing, pharmacy, public administration, and management; and other institutions in the United States and other countries with counterparts in the 14 focus countries for the purposes of training and exchanging information and best practices) primarily focused on improving the capacity to provide HIV prevention, care, and treatment, will serve to expand strong relationships among institutions that also conduct research. Third, the capacity-building supported through the Emergency Plan that develops infrastructure and trains staff will have a spillover

effect in ways that will promote research, such as training health care workers, establishing public health communications infrastructure, and improving clinical and laboratory capacity.

It is not a coincidence that it has been the same developing countries that, with assistance from the U.S. Government, first participated in extensive clinical and vaccine research efforts that also have been the most successful in fighting the HIV/AIDS epidemic, especially by translating knowledge gained from clinical research into medical practice (e.g., Thailand, Uganda, Senegal, and Brazil). A robust clinical research infrastructure can be a foundation for building excellent clinical care and making the best use of the investments of the Emergency Plan for AIDS Relief.

In addition to catalyzing research into new preventive technologies, the Emergency Plan also will lay the groundwork that will accelerate the ability to *implement* any new technologies that are found to be safe and effective. For instance, if a safe and effective HIV vaccine is identified, high-risk HIV-uninfected persons will be an appropriate target group for implementation. Such persons could be identified through the network of HIV testing sites built up through Emergency Plan investments. Likewise, if a safe and effective HIV microbicide is identified, it could be promoted widely through the same behavior change programs we are expanding to meet the HIV prevention goals of the Emergency Plan, and supplies of microbicide could be distributed through the same supply-chain management systems strengthened through Emergency Plan investments.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. (1) *Domestic Violence.*—Women make up 58 percent of the HIV/AIDS population in Africa. This higher number can be attributed to cultural vices within Africa about the reluctance permit women to take drugs to prevent mother-to-child transmissions and a high rate of domestic violence where men refuse to let women negotiate condom use, according to Human Rights Watch.

What efforts are you pursuing to overcome the cultural obstacles to effectively treat and prevent HIV/AIDS? What efforts are you undertaking to curb domestic violence so that women may have a stake in both their physical safety from abuse and their medical well-being?

Answer. Stigma and discrimination against persons living with HIV and AIDS, real or perceived, does present a significant obstacle to combating HIV/AIDS. It strengthens existing social inequalities and cultural prejudices, especially those related to gender, sexual orientation, economic status, and race. Stigma and denial also create barriers to our integrated multifaceted prevention, treatment, and care strategy.

Under the Emergency Plan for AIDS Relief, we will act boldly to address stigma and denial through three operational strategies: (1) Engage local and national political, community, and religious leaders, and popular entertainers to speak out boldly against HIV/AIDS-related stigma and violence against women, and to promote messages that address gender inequality, encourage men to behave responsibly, promote HIV testing, and support those found to be HIV-positive to seek treatment; (2) Identify and build the capacity of new partners from a variety of sectors to highlight the harm of stigma and denial and promote the benefits of greater HIV/AIDS openness; and (3) Promote hope by highlighting the many important contributions of people living with HIV/AIDS, providing anti-retroviral treatment to those who are medically eligible, and involving those who are HIV-positive in meaningful roles in all aspects of HIV/AIDS programming.

With regard to domestic violence, evidence from Uganda, Tanzania, and Zambia shows that violence against women is both a cause and consequence of rising rates of HIV infection—a cause because rape and sexual violence pose a major risk factor for women, and a consequence because studies have shown that HIV-positive women are more likely to suffer violence at the hands of a partner than those who are not infected. For many women, fear of sexual coercion and violence often precludes the option of abstinence or holds them hostage to their husband's or partner's infidelity. The Emergency Plan will work closely with communities, donors, and other stakeholders to reduce stigma, protect women from sexual violence related to HIV, promote gender equality, and build family skills through conflict resolution. The Emergency Plan will also support interventions to eradicate prostitution, sexual trafficking, rape, assault, and sexual exploitation of women and children.

Question. (2) *Orphans.*—Ambassador Tobias, as you may know, I am the Chair of the Congressional Coalition on Adoption, and I will be traveling next week to Uganda with a focus on orphans and Uganda's efforts to curb the HIV/AIDS epidemic. Last year's legislation to combat the international HIV/AIDS epidemic in-

cluded language to allocate 10 percent of U.S. funding to assist children orphaned by AIDS. The United Nations estimates we could have 20 million AIDS orphans by 2010.

Could you outline how your office plans to use its funds to benefit orphans? What efforts are you taking to make it possible for these children to be adopted?

Answer. The United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (Public Law 108-25) provides that for fiscal years 2006 through 2008 not less than 10 percent of the amounts appropriated for bilateral HIV/AIDS assistance be expended for assistance for orphans and vulnerable children affected by HIV/AIDS. The Office of the U.S. Global AIDS Coordinator is committed to meeting this funding requirement through a broad-range of activities targeted at the needs of orphans and vulnerable children. The Emergency Plan for AIDS Relief, will aim activities at improving the lives of orphans and vulnerable children affected by HIV/AIDS and their families. The emphasis is on strengthening communities and families to meet the needs of orphans and vulnerable children affected by HIV/AIDS, supporting community-based responses, helping children and adolescents meet their own needs, and creating a supportive social environment. Program activities could include the following:

- Training caregivers;
- Increasing access to education;
- Economic support;
- Targeted food and nutrition support;
- Legal aid;
- Support of institutional responses;
- Medical, psychological, or emotional care; and,
- Other social and material support.

U.S. policy is to encourage extended families to care for children who have lost their parents. If families are not available, the Emergency Plan will often provide support to communities to care for children orphaned by AIDS. For example, several programs in the focus countries are supporting the integration or re-integration of orphans and vulnerable children into their communities of origin, as well as identifying foster families in local communities to care for affected children.

Programs that are part of the Emergency Plan for AIDS Relief are coordinated with policies and strategies of host governments and are responsive to local needs. Countries and communities are at different stages of HIV/AIDS response and have unique drivers of HIV, distinctive social and cultural patterns, and different political and economic conditions. Local circumstances must inform effective interventions, and the Emergency Plan will coordinate with local efforts.

Question. (3) I mentioned, I will be traveling to Uganda next week, and Uganda has been praised for its ABC Plan, Abstinence, Be Faithful, and Condoms. Even with their successes, they still have a long way to go.

Could you please name some of the countries taking proactive steps to fight HIV/AIDS? As I mentioned, even those countries taking the right steps have a long way to go, and will need long-term assistance from the United States. Are there any efforts set up a graduation plan whereby countries will stop receiving U.S. assistance for meeting certain milestones? I worry we often set the bar too low for graduation. I see that in Eastern Europe we are curbing assistance because they are “graduating” toward democracies and market economies. What steps are being taken to make sure countries don’t graduate too soon from HIV/AIDS assistance?

Answer. All of the focus countries of the Emergency Plan for AIDS Relief are taking proactive steps to address the HIV/AIDS pandemic in their country. Examples include beginning anti-retroviral treatment pilot programs (Mozambique, Guyana), scaling up anti-retroviral treatment sites (Haiti, Namibia, South Africa, Uganda), increasing HIV testing and counseling opportunities through the expanded use of community health workers (Namibia), enhancing HIV surveillance, laboratory support, and blood-safety efforts (Tanzania), distributing culturally relevant HIV-prevention messages (Botswana) and working to effectively integrate or re-integrate orphans and vulnerable children into local communities (Haiti, Rwanda). However, as you suggest, these countries are facing many difficult challenges in fully addressing their HIV/AIDS epidemic. These challenges must be addressed before any of these countries are positioned to respond on their own.

As you know, the Emergency Plan for AIDS Relief is a \$15 billion, five-year initiative targeted to reaching the following goals across the 15 focus countries:

- Providing treatment to 2 million HIV-infected adults and children;
- Preventing 7 million new HIV infections; and,
- Providing care to 10 million people infected and affected by HIV/AIDS, including orphans and vulnerable children.

By developing and strengthening integrated HIV/AIDS prevention, treatment, and care, the Emergency Plan is focused on building local capacity to provide long-term, widespread, essential HIV/AIDS services to the maximum number of those in need. Key strategies include creating and/or enhancing the human and physical infrastructure needed to deliver care; supporting the host government and local, indigenous-led organizations in their response to their nation's epidemic; ensuring a continuous and secure supply of high-quality products to patients who need them at all levels of the health system; and coordinating with other donors to eliminate duplication of efforts and fill gaps. As the five-year initiative comes to a close, assessments will be made about the continuing need for U.S. Government bilateral support, especially in light of the host government's HIV/AIDS activities and the impact of the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

Question. (4) African Capacity to Make Its Own Drugs—Independence.—The Bible tells us that if you give a man a fish he will eat for a day. If you teach a man to fish he will eat for a lifetime. Africa has very little capacity to treat this pandemic with its own resources. All drugs are imported and there have been reports of price gauging or the purchasing of dummy drugs.

What efforts is your office undertaking to increase Africa's capacity to make its own drugs, to create a pharmaceutical infrastructure within Africa that can go from manufacturer to clinic to patient? This should reduce the cost for drugs.

Answer. Ensuring procurement of high quality pharmaceutical products is absolutely essential for the HIV/AIDS programs under the Emergency Plan. The U.S. Department of Health and Human Services (HHS) recently announced an expedited process for U.S. Food and Drug Administration (FDA) review of applications for HIV/AIDS drug products that combine already-approved individual HIV/AIDS therapies into a single dosage—many of these products are currently made in the developing countries, including South Africa. The Office of the U.S. Global AIDS Coordinator also announced that when a new combination drug for HIV/AIDS treatment receives a positive outcome under this expedited HHS/FDA review, it will recognize that tentative approval as evidence of the safety and efficacy of that drug. Thus the drug will be eligible to be a candidate for funding by the Emergency Plan, so long as international patent agreements and local government policies allow its purchase. Where necessary and appropriate to do so, the U.S. Global AIDS Coordinator will also use his authority to waive the "Buy American" requirements that might normally apply. Second, HHS plans to announce a solicitation for a contract to provide technical assistance to regulatory authorities and pharmaceutical quality assurance. The U.S. Government will seek a contractor to perform specified tasks related to the quality assurance of HIV/AIDS-related pharmaceutical products. Final products purchased by the supply management system will meet appropriate standards for quality, safety and effectiveness. This activity will also be able to support provision of direct technical assistance to increase the capacity for quality assurance in-country and strengthen quality-testing procedures.

Question. (5) Tulane/West Africa Health Organization.—Congress has expressed its support for a West African AIDS Initiative involving the Economic Community of West African States (ECOWAS), the West African Health Organization (WAHO) and American schools of public health (TULANE). The objective of such an initiative would be to develop and implement a coordinated effort to provide AIDS education, prevention and treatment in the West African states. As in all African countries, the ECOWAS nations struggle with overwhelming rates of infection for HIV/AIDS, a situation that poses grave potential crises in the loss of human life among the people of Africa. What are your views on such an initiative involving the West African Health Organization, supported by ECOWAS and American schools of public health?

Answer. The scope and urgent timing for expansion of training programs places a high priority in recruiting all available, experienced institutions for the effort in fighting the global HIV/AIDS pandemic, including outstanding implementing partners like Tulane that are interested and willing to establish twinning relationships with local institutions in the 15 focus countries of the President's Emergency Plan. Tulane is already highly involved, and its involvement was recently and substantially scaled up, through the HHS University Technical Assistance Program (UTAP). We expect to depend greatly on the steadily expanding work of all such outstanding partners over the course of this Initiative.

Questions. (6) Ambassador Tobias, would you explain how you plan to ship the anti-retrovirals and other drugs needed to treat HIV/AIDS, TB and malaria to Africa? Do you intend to use containerized shipping?

(7) In light of this, to what extent do you expect the drugs to experience degradation in quality as a result of high temperatures and humidity during oceanic shipment and port clearance?

(8) What is the effect of such degradation on resistance to anti-retrovirals among the patient population?

(9) Would you agree that production of these drugs in Africa could address this problem of degradation if accompanied by stringent quality controls?

Answer. On behalf of the U.S. Global AIDS Coordinator, the U.S. Agency for International Development (USAID) plans to announce for public comment imminently a request for proposal for a supply-chain management contract. The purpose of this contract is to establish a safe, secure, reliable, and sustainable supply chain and to procure pharmaceuticals and other products needed to provide care and treatment of persons with HIV/AIDS and related infections. This contract will ask for a consortium to perform a number of tasks, including procurement, in-country assistance, logistical management information system, as well as freight forwarding. We anticipate the contractor will ensure timely, accurate, safe, and cost-effective freight-forwarding services for all products, and we will expect it to make efforts to minimize any product degradation. The contractor will conduct periodic reviews of freight-forwarding practices, and identify special or reoccurring delivery problems and devise timely and cost-effective solutions for them. In addition, the contractor will establish quality-assurance procedures to ensure that required storage and handling standards for products shipped are met, to guarantee that a safe, effective, and high-quality product reaches the patient. To make certain of that, we anticipate the contractor will devise and carry out random testing of production lots purchased by the system and released for shipment. The contractor will make efforts to purchase products that require minimal shipping times, as long as it meets the Emergency Plan's goal of procuring pharmaceuticals at the lowest possible cost while guaranteeing safety, quality and effectiveness.

Question. (10) Finally, in last year's appropriations report language, the managers encouraged you to consider a pilot program, including public-private partnerships and faith-based organizations, aimed at increasing sustainability through indigenous production of drugs in Africa. What steps, if any, have you taken to explore the possibility of producing the required drugs in Africa while respecting intellectual property rights?

Answer. Ensuring procurement of high quality pharmaceutical products is absolutely essential for the HIV/AIDS programs under the Emergency Plan. The U.S. Department of Health and Human Services (HHS) recently announced an expedited process for U.S. Food and Drug Administration (FDA) review of applications for HIV/AIDS drug products that combine already-approved individual HIV/AIDS therapies into a single dosage—many of these products are currently made in the developing countries, including South Africa. The Office of the U.S. Global AIDS Coordinator also announced that when a new combination drug for HIV/AIDS treatment receives a positive outcome under this expedited HHS/FDA review, it will recognize that tentative approval as evidence of the safety and efficacy of that drug. Thus the drug will be eligible to be a candidate for funding by the Emergency Plan, so long as international patent agreements and local government policies allow its purchase. Where necessary and appropriate to do so, the U.S. Global AIDS Coordinator will also use his authority to waive the "Buy American" requirements that might normally apply. Secondly, HHS plans to announce a solicitation for a contract to provide technical assistance to regulatory authorities and pharmaceutical quality assurance. The U.S. Government will seek a contractor to perform specified tasks related to the quality assurance of HIV/AIDS-related pharmaceutical products. Final products purchased by the supply management system will meet appropriate standards for quality, safety and effectiveness. This activity will also be able to support provision of direct technical assistance to increase the capacity for quality assurance in-country and strengthen quality-testing procedures.

Question. (11) *Fixed-Dose Combinations and Pediatric Treatment.*—Children are not small adults when it comes to medicines and HIV/AIDS is no exception. Many AIDS medicines, particularly fixed dose combinations and other non-brand medicines have yet to be tested for use by children. With 2.5 million children infected with HIV around the world, it is essential that children are not an afterthought in our care and treatment activities.

A. Will the new HHS/FDA review process require that fixed-dose combinations (FDCs), both generic and brand, be available for pediatric use?

B. How does the President's five year strategy address the special needs of children who require HIV treatment?

C. What is the Administration doing to ensure that both medical professionals and others have the necessary information, equipment and training to treat children with HIV/AIDS?

Answer. The announcement on May 16 by U.S. Health and Human Services Secretary Tommy G. Thompson and U.S. Global AIDS Coordinator Ambassador Randall L. Tobias included two important components that address these issues.

First, Secretary Thompson announced an expedited process for the U.S. Department of Health and Human Services (HHS), through its Food and Drug Administration (FDA), to review of applications for HIV/AIDS drug products that combine already-approved individual HIV/AIDS therapies into a single dosage, often referred to as "fixed-dose combinations (FDCs)," and for co-packaged products, often referred to as blister packs. Drugs HHS/FDA approves under this process will meet all normal HHS/FDA standards for drug safety, efficacy, and quality.

This new HHS/FDA process will include the review of applications from research-based companies that have developed already-approved individual therapies, or from companies that are manufacturing copies of those drugs for sale in developing nations. There are no true generic versions of these HIV/AIDS drugs because they all remain under intellectual property protection here in the United States. The steps taken by HHS/FDA could encourage the development of new and better therapies to help win the war against HIV/AIDS.

Second, Ambassador Tobias announced that when a new combination drug for HIV/AIDS treatment receives a positive outcome under this expedited HHS/FDA review, the Office of the U.S. Global AIDS Coordinator will recognize that evaluation as evidence of the safety and efficacy of that drug. Thus the drug will be eligible to be a candidate for funding by the Emergency Plan for AIDS Relief, so long as international patent agreements and local government policies allow its purchase.

We hope HHS/FDA will receive applications as soon as possible from many companies that will want their drugs, including drugs for treating children, to be candidates for use in the treatment programs of the President's Emergency Plan.

With regard to how the President's Emergency Plan will further address the special needs of children who require HIV treatment, you might recall that before the President announced the Emergency Plan in his January 2003 State of the Union address, in June 2002 he announced his \$500 million International Mother-and-Child HIV Prevention Initiative for Africa and the Caribbean. After more than a year of implementation, that initiative is now part of the Emergency Plan, and is intended to treat one million women annually and reduce mother-to-child transmission of HIV by 40 percent within five years or less in target countries.

With regard to ensuring that both medical professionals and others have the necessary information, equipment, and training to treat children with HIV/AIDS, under the Emergency Plan we are committed to developing sustainable HIV/AIDS healthcare networks. We recognize the limits of health resources and capacity in many, particularly rural, communities. To more effectively address that shortfall, we will build on and strengthen systems of HIV/AIDS healthcare based on the "network" model. Prevention, treatment, and care protocols will be developed, enhanced, and promoted in concert with local governments and Ministries of Health. With interventions emphasizing technical assistance and training of healthcare professionals, healthcare workers, community-based groups, and faith-based organizations, we will build local capacity to provide long-term, widespread, essential HIV/AIDS care to the maximum number of those in need.

Question. (12) *Prevention of Mother-to-Child Transmission (MTCT).*—The President's Global HIV/AIDS strategy recognizes that by giving a simple dose of anti-retroviral drugs to pregnant women and to the infant shortly after delivery, we can reduce mother-to-child transmission of HIV by almost 50 percent. For fiscal year 2005, MTCT activities will be integrated and financed through the Global HIV/AIDS Initiative.

A. Out of your \$1.4 billion request, how much are you requesting for MTCT?

B. Will funding for MTCT be considered as part of the 55 percent target for treatment programs? If so, will you track spending and numbers of people covered separately for these MTCT activities?

C. In countries hardest hit by the pandemic, less than 1 percent of women have access to MTCT services. Do you have any plans to scale up existing MTCT programs? If so, how will this be implemented?

D. How will the Administration expand MTCT services to people who do not have access?

Answer. Ambassador Tobias will make fiscal year 2005 funding decisions based upon the submission of a unified annual Country Operational Plan (COP) from each of the 15 focus countries. This plan maximizes the core competencies and comparative advantages of all U.S. Government departments and agencies with in-country HIV/AIDS activities and allocates resources according to those core competencies and comparative advantages. The COPs for fiscal year 2005 will further illuminate how each focus country will harness those core competencies to reach the overall

five-year Emergency Plan goals and how the allocation of resources among departments and agencies in the annual operational plan will contribute to reaching those goals. After Ambassador Tobias has approved the COPs, the Office of the U.S. Global AIDS Coordinator will be able to determine how much of fiscal year 2005 funding to allocate to the prevention of mother-to-child transmission (PMTCT) activities.

Regarding program classification, the Emergency Plan will consider traditional PMTCT activities as prevention activities and tracked accordingly. Under the Emergency Plan, the package of care for preventing mother-to-child transmission will include counseling and testing for pregnant women; anti-retroviral prophylaxis to prevent mother-to-child transmission; counseling and support for safe infant feeding practices; and voluntary family planning counseling or referral. The Emergency Plan will consider PMTCT-plus (HIV anti-retroviral treatment for HIV-infected mothers and other members of the child's immediate family) treatment activities.

As you note, the President's International Mother and Child HIV Prevention Initiative (MTCT Initiative) has become a major pillar of the President's Emergency Plan for AIDS Relief. During the initial phase of the MTCT Initiative's programming, anti-retroviral treatment was not broadly available, and our emphasis was on saving those babies at-risk for HIV infection during childbirth and early infancy. Now, the Emergency Plan is scaling up ARV treatment programs to provide ongoing ARV therapy to communities at large.

Building on the significant work already accomplished under the MTCT Initiative in 14 of the 15 focus countries, the Emergency Plan is:

- Scaling up existing PMTCT programs by rapidly mobilizing resources;
- Providing technical assistance and expanded training for health care providers (including family planning providers, traditional birth attendants, and others) on appropriate antenatal care, safe labor and delivery practices, breastfeeding, malaria prevention and treatment, and voluntary family planning;
- Strengthening the referral links among health care providers;
- Ensuring effective supply-chain management of the range of PMTCT-related products and equipment; and,
- Expanding PMTCT programs to include HIV anti-retroviral treatment for HIV-infected mothers and other members of the child's immediate family (commonly known as "PMTCT-plus").

In addition, two key strategic principles of the Emergency Plan are the development and strengthening of integrated HIV/AIDS prevention, treatment, and care and the development of sustainable HIV/AIDS health care networks. With interventions that emphasize technical assistance and training of health care professionals, health care workers, community-based groups, and faith-based organizations, the Emergency Plan is committed to building local capacity to provide long-term, widespread, essential HIV/AIDS care to the maximum number of those in need.

Question. (13) HHS/FDA Process for Review of Fixed Dose Combination (FDC) Products.—Two days ago, Secretary Thompson announced that HHS/FDA will establish an expedited review process for products that combine individual HIV/AIDS therapies into a single pill, also known as fixed-dose combination drugs. For the Administration's global AIDS initiative to be successful, it is critically important that we are able to purchase high-quality drugs at the most affordable price. If we move quickly, we can serve larger numbers of children and adults who are in need of AIDS drugs.

A. How soon do you expect this new system to be in place, and when do you think we'll have FDCs approved for use in resource-poor nations?

B. Some countries only allow for the purchase of brand or generic drugs. For example, in South Africa you can only buy brand drugs. Do you think this new process will provide momentum for countries to allow for the purchase of both brand and generic drugs? What are we doing in this area?

C. I understand that you will also be creating a competitive procurement process to purchase medications. When will this process be in place? Do you have estimates for how much drugs might cost under this system?

Answer. Guidance proposed by the U.S. Department of Health and Human Services (HHS) through its Food and Drug Administration (FDA) to implement the rapid review process of fixed-dose combination and co-packaged HIV/AIDS drugs has outlined four scenarios for reviewing different FDC and co-packaged products. Some of the scenarios could permit approval in as little as two to six weeks after submission of a high-quality application. For companies that make products for which another firm owns the U.S. patent rights, HHS/FDA could issue a tentative approval when it finds the product meets the agency's normal safety and efficacy standards.

To obtain approval of new products, manufacturers could cite existing clinical data to demonstrate the safety and effectiveness of the individual drugs in the new combined product—and new data to show effectiveness of the new combination could

be developed quickly. HHS/FDA has pledged to work with companies to help them develop that data rapidly if they do not already have access to such data. HHS/FDA is also evaluating whether it can waive or reduce user fees, normally charged to companies making new drug applications, for products reviewed under this rapid review process.

With regard to the creation of a competitive procurement process to purchase HIV/AIDS medications under the Emergency Plan, as described in the answer to questions 6–9 above, USAID plans to announce for public comment imminently a request for proposal for a supply-chain Management contract. The purpose of this contract is to establish a safe, secure, reliable, and sustainable supply chain for the Emergency Plan and to procure pharmaceuticals and other products needed to provide care and treatment of persons with HIV/AIDS and related infections at the lowest possible cost with guaranteed safety, quality and effectiveness. This contract will include procurement, in-country assistance, logistical management information system, as well as freight forwarding.

Question. (14) a. Given that other disease treatment programs involving inexpensive drugs and treatments are still major health problems in Africa due to the lack of a human resource infrastructure (malaria being a very good example), why do you believe that the more complex to deliver anti-retroviral programs for HIV/AIDS will succeed? What needs to be in place for this effort to be successful?

Answer. A lack of human resources for health (HRH) is holding back health interventions in Africa for malaria and other health problems, even though the interventions for malaria and other are technically much cheaper and simpler than anti-retroviral treatment. The Emergency Plan needs several things to be successful:

A. Better data on the current health workforce in place in countries (both employed and unemployed), a better understanding of the underlying reasons for the dismal current status, morale and performance of HRH, and concerted short- and medium-term actions by the U.S. Government in collaboration with national governments and other donors to address those causes;

B. Short-term actions to rapidly prepare and deploy more health care workers to meet the requirements for emergency delivery of needed care [local health care workers (nationals) must be the bulwark of the response, but expatriate volunteers placed through institutional twinning arrangements can be important in assisting in emergency care and in the initial phase of building sustainable capacity for ongoing training in more complex interventions such as anti-retroviral treatment]; and

C. Medium-term actions to begin increasing the numbers of health care workers available to the expanding HIV/AIDS needs (while not damaging other important efforts such as those against malaria), and to better use scarce resources, such as doctors, nurses, pharmacists, and other cadres through realigning certain tasks to less intensively-trained staff (such as community health workers).

Each of these activities are underway as part of the Emergency Plan; all will likely need to be done in nearly all countries in a concerted fashion if the Emergency Plan is to ultimately succeed. If done properly with careful design and implementation, the Emergency Plan could begin a reversal of the serious decline in HRH seen in sub-Saharan Africa and the Caribbean over the past two decades.

Question. (14) b. Does USAID have an estimate of the additional trained individuals required to implement retro-viral programs? Have you analyzed the need for retraining current tertiary service delivery personnel for the HIV/AIDS initiatives?

Answer. The U.S. Global AIDS Coordinator's Office, in collaboration with USAID and other partners, does have preliminary estimates of the additional trained personnel needed, based on the targets proposed in the first-year plans. However, those estimates are based on crudely estimated numbers of providers already trained and in place. Moreover, they are lacking essential data such as the current attrition rate from HIV/AIDS care programs, either from brain drain, retirement, HIV/AIDS infection itself, or other reasons. A critical step over the next few months and first full year of the Emergency Plan is to establish a reliable database with estimates of: (1) the currently qualified workforce, and (2) the workforce required to meet the Emergency Plan goals for each year of the Emergency Plan. Retraining current tertiary service delivery personnel is usually the quickest route to rapidly initiating anti-retroviral treatment programs, and is part of every country's program.

Question. (14) c. There is only a handful of institutions in the United States that have a history of supporting African health training institutions. For example, Tulane University and its School of Public Health and Tropical Medicine have played a very significant role in terms of the number of African health professionals trained over the years. Are these institutions actively involved in the HIV/AIDS human resource development and training efforts?

Answer. The scope and urgent timing for expansion of training programs places a high priority in recruiting all available, experienced institutions for the effort in

combating HIV/AIDS, including outstanding implementing partners like Tulane that are interested and willing to establish twinning relationships with local institutions in the 15 focus countries of the President's Emergency Plan. Tulane is already highly involved, and their involvement was recently substantially scaled up, through the HHS University Technical Assistance Program (UTAP). We expect to depend greatly on the steadily expanding work of all such outstanding partners over the course of the Emergency Plan.

Question. (14) d. Is the Agency exploring the use of information technology as a means of getting the message for HIV/AIDS training to the local institutions as efficiently as possible?

Answer. The Office of the U.S. Global AIDS Coordinator is interested in the most cost-effective, sustainable approaches to meeting the goals of the Emergency Plan. We try to match the technological approach to the specific needs and context of the training situation, rather than the other way around. In that context, we do expect (and will pay for) information technology for training as well as to support the strengthening of networks for bi-directional communication that enhances the quality of health care. We expect exciting models for a mixture of e-learning, telemedicine, and enhanced monitoring and evaluation to emerge from our U.S. Government staff's efforts at problem-solving and building sustainable capacity in the coming years.

Question. (14) e. To what extent are capacity building efforts among appropriate African educational and research institutions being involved to create an environment that can sustain the President's initiatives?

Answer. The dual principles of cost-effectiveness and sustainability require us to conduct training predominantly through African educational and training institutions. The Emergency Plan will look for African (or Caribbean) institutions to be implementers at every opportunity, especially to have them work with their peers in other of the 15 focus countries. In the many contexts in which technical assistance from United States or third-country providers might be needed to initiate programs, a requirement of all grants will be to force international grantees to have a plan to develop capacity such that they can turn their activities over to local, in-country organizations.

CONCLUSION OF HEARINGS

Senator MCCONNELL. Thank you all very much for being here. That concludes our hearing.

[Whereupon, at 12:36 p.m., Tuesday, May 18, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIA- TIONS FOR FISCAL YEAR 2005

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[CLERK'S NOTE.—The subcommittee was unable to hold hearings on nondepartmental witnesses. The statements of those submitting written testimony are as follows:]

PREPARED STATEMENT OF THE CENTER FOR INTERCULTURAL EDUCATION AND DEVELOPMENT, GEORGETOWN UNIVERSITY

Mr. Chairman, ranking member Leahy and members of the subcommittee, I appreciate this opportunity to update you on the success of two programs which have been funded by the Agency for International Development over the years with this Subcommittee's support: the East Central European Scholarship Program (ECESP) and the Cooperative Association of States for Scholarships (CASS). As you are no doubt aware, these two programs were initiated by the Congress, and I am proud to say that they have fully measured up to the confidence members of the Senate have shown in them.

I would also make the point that these two models, with appropriate adaptations, can effectively serve national policy objectives in the regions in which they currently operate as well as elsewhere. Instability such as that confronting Haiti, Venezuela and Colombia in this hemisphere and the challenges of establishing strong market economies and democratic institutions in the Central Asian republics of the former Soviet Union argue for U.S.-supported intensive training programs carefully tailored to economic development strategies and toward government and private sector institution building. These programs provide excellent opportunities at the same time to emphasize our democratic values. CASS and ECESP have the experience and record of success to help meet national objectives in these regions—and others—without delay.

Last fall, an opinion piece was published in *The Washington Post* entitled, "Letting Fear Flourish." The article made the point that "Throughout the hemisphere, new leaders are promulgating a kind of rhetoric about U.S. imperialistic ambitions eerily reminiscent of Cold War conspiracy theories of a generation ago. The problem this time around is that Washington is doing little to improve its image in the region and to counter such notions and the fears they engender." The article goes on to reference ". . . the Central American Peace Scholarship program, which brought thousands of economically disadvantaged students to junior colleges in the United States, . . ." CASS is the current embodiment of the highly successful Central American Peace Scholarship program. The article went on to note that "a new generation of nontraditional Latin American leaders rises—leaders who have not experienced cultural and academic exchanges." While recent attention has focused on the importance of bolstering U.S. public diplomacy in the Arab and Muslim world, I would hasten to add that we should refocus attention as well on our neighbors to the South. Further, I offer up CASS as a ready-to-go approach to meeting this need and one with a proven track record.

CASS and ECESP take somewhat different approaches and focus on different needs and populations, but they share common goals:

—strengthening understanding of the United States and our values,

- establishing effective government and non-profit institutions and supporting free market development, and
- building a well-educated middle class capable of providing leadership in civic society critical to sustaining the economic and political progress of nations facing tremendous challenges.

The East Central European Scholarship Program (ECESP) trains professionals who can spearhead the processes of democratic, economic and social transformation of their societies. Community and government leaders, experts, administrators, managers, and educators in East Central Europe are provided with the knowledge and skill base to become leaders and agents of change. This is accomplished through a range of U.S.-based, in-country and regional training programs leading to certificates and, in some instances, degrees. Five goals define what ECESP has worked to achieve in the countries served:

- more effective, responsive and accountable systems of local government,
- stronger institutions fostering democratic decision making and civil society,
- more efficient health and social service delivery systems,
- support for sustainable economic development, and
- approaches to education that is responsive to local needs in changing environments.

In the first 8 years of its existence, ECESP provided a dynamic long-term educational experience to approximately 700 participants from the Czech Republic, Hungary, Poland and Slovakia. Many of the ECESP-trained individuals have contributed significantly to the transformation, both economically and politically, of those nations and their entry into the European Union. Since 1998, an additional 924 participants have been trained from Albania, Bulgaria, Macedonia and Romania with another 72 participants prepared to start training in May and August this year. Again, those who have been trained from this second group of nations have been key players in the reform of their governmental and economic systems.

ECESP alumni have returned home to careers in the public and private sectors, which have contributed, to the economic and social development of their countries. They have held high government positions and have entered the business world. One example is Arben Ahmetja of Albania who, after completing the ECESP program in public administration became Executive Director of H-Communications, the first private telecommunications company in Albania. The company is bringing for the first time phone service to rural areas of Albania. Subsequently, he has returned to public service as the Vice Minister for Energy and Industrial Development. In that capacity, he has focused on strategies to improve the utilization of natural resources, which is key to Albania's economic development strategy.

ECESP funds are overwhelmingly expended in the United States, with 86 percent committed at U.S. colleges and universities. Today, major ECESP programs operate at the University of Wisconsin-La Crosse and the University of Kentucky. The program is having the impact that was intended. In fact, the program has been a contributing factor to the "graduation" of some countries out of USAID assistance programs. An evaluation funded by USAID found that "[M]any [ECESP] returnees have taken on important policy roles, high positions in dimensions of public life, key positions in the growing private sector, and significant roles in advocacy and social improvement." It also noted "[L]ong term (U.S. based training) appears to have a substantial impact on the attitude, vision and career path of participants."

We appreciate the fact that the Appropriations Committees recognize the potential of the ECESP approach and during last year's appropriations process encouraged USAID to expand ECESP so that it can serve the Central Asian republics of the former Soviet Union. While we have had initial conversations with USAID officials about means of following up on the recommendations accompanying the fiscal year 2004 foreign operations appropriations, we have been advised that existing funds, which are managed by the missions for the region, are already obligated under large Indefinite Quantity Contracts of multi-year duration.

Although secularism has prevailed in Central Asia, democracy has not taken root. Economic development is slow, unemployment rates are very high, youth is disaffected and looking to more radical solutions, and most Central Asian republics still face the daunting task of health reform. These factors continue to threaten the stability of this region. ECESP's expertise in building grass roots democracy and training for privatization and economic development, financial and banking reform, active labor market strategies, and health care reform can help alleviate the situation. Unfortunately, the concentration of training activities in the region under large Indefinite Quantity Contracts and the lack of additional resources in the proposed budget have made it impossible to follow up on the fiscal year 2004 recommendations. We ask your help in addressing this situation.

Clearly, there are a number of cultural and economic-sector differences between the Central Asian region and the areas where ECESP has functioned to date. Nevertheless, the experience we have had in being a successful partner in efforts to reshape political, social and economic realities in former Soviet bloc countries can bear on the challenges facing Central Asian republics. The experience of working in Albania, a country with no history of democracy and civil society development, is of particular relevance. Furthermore, Georgetown University is also home to two highly regarded National Resource Centers with expertise in this region. They can and have worked with CIED to ensure the necessary program adaptations and regional connections that will enable CIED to move quickly and effectively into this critical region.

Georgetown's Center for Intercultural Education and Development is ready to work with you and USAID to continue the mission we have effectively served to date and to expand our services with modifications necessary to reflect the realities and needs of other nations.

Whereas ECESP focuses on meeting the training needs of professionals, CASS provides training to disadvantaged students with demonstrated leadership qualities at U.S. educational institutions. Today, we partner with eighteen colleges, universities and community colleges in twelve states. The program provides technical training in agriculture, business, primary education, various industrial technologies, environmental sciences, and health care and infectious disease control. The training programs are carefully tailored to ensure that they also strengthen civic responsibility and leadership skills of participants. CASS has successfully served groups that historically have been overlooked in our foreign aid programs—women, ethnic minorities, the rural poor and individuals with disabilities. We are also extremely proud that the program includes the right mix of training and placement services to achieve a 98 percent rate of return to participants' home countries and a 92 percent alumni employment record. Alumni are working in fields that support private sector growth, humanitarian assistance and development objectives of their home countries. There are currently 417 CASS scholars in the United States and over 5,300 alumni contributing to the social and economic growth of their home countries.

Nearly 90 percent of CASS funds are spent in U.S. communities. CASS students are involved in the life of the communities where they are hosted. Visiting students have tutored K-12 students in foreign languages, worked to fill and place sandbags to fight flooding along the Mississippi River, and regularly help on an array of other types of community service. On a number of the participating campuses, CASS students have been the only international presence.

The U.S. host institutions provide a 25 percent local match to augment the AID funds. Providing the match is posing a serious challenge to some of the host institutions that have seen their state funding reduced in the face of state budgetary troubles. These partner institutions have proven highly effective in achieving the program's mission; hence, we are very concerned that the match requirement not result in schools not being able to continue their participation. This factor makes it particularly important that the participating institutions know that they can count on the CASS program continuing so that their campus investments continue to provide long-range benefits.

As the Committee is aware, the CASS program is in its second year of a 5-year agreement with USAID. The new agreement includes new activities in Mexico in support of the Administration's efforts to strengthen the United States-Mexican relationship. Those new activities include the implementation of a regional strategy to foster growth through training and development. Economically disadvantaged Mexican youth will receive technical and leadership training at U.S. community colleges alongside North American students and CASS scholars from Central America and the Caribbean.

To build on Mexico's strong regional development efforts, CASS is focusing on the less developed, marginalized populations of Mexico. Fields of study are selected for the potential they provide scholars to participate in opportunities created by export-driven economic growth, while ensuring environmental protection, through course work in agricultural production, industrial and information technologies, and industry-related environmental technologies.

In 2003, CASS targeted recruitment in the states of San Luis Potosi, Queretaro and Guanajuato. In 2004, CASS expanded recruitment to include indigenous candidates from the states of Chiapas and Jalisco. Fields of study include Quality Control, Industrial Engineering Technology, Computer Information Technology, Agribusiness for Export, Food Technology, Telecommunications, and Strengthening Education for Indigenous Children. As members of the Subcommittee are well aware,

in recent years Chiapas has experienced considerable political instability. The CASS training is part of a strategy to address underlying economic issues there.

In addition, the Center for Intercultural Education and Development has worked with USAID outside the framework of our CASS agreement to develop a scholarship program aimed at bringing individuals from Cuba to the United States for training purposes. I think it is fair to say that USAID was interested in us managing this particular initiative because of the success of CASS in handling the training of populations that many aid programs do not reach. At this point, CIED has secured strong support from partner colleges slated to provide training and has 20 scholars selected to begin training. However, in light of the current political environment vis-à-vis Cuba, the issuance of visas and other paperwork necessary for prospective students to leave Cuba have resulted in delays. The 20 scholars are poised to commence their studies in the United States as soon as these overarching issues are resolved.

Finally with regard to CASS, I might add an observation regarding the current situation in Haiti and its impact on CASS alumni in the country and the 33 Haitian students currently studying in the United States. Sixteen Haitian students are preparing to return home this summer when they complete their 2-year training programs. When they do, CASS staff in Haiti will be there to receive them. CASS will provide them with a reentry seminar and job fair specifically geared to their particular employment skills. A network of successful alumni is also there to provide support to returning graduates, helping them in their readjustment to Haiti. Despite the difficult political situation in Haiti, CASS alumni are excelling and we are confident that, despite the unrest, these individuals will be successfully placed and contribute to the nation's economic well-being.

I would like to cite the example of CASS alumnus Pierrot Marcel, who was born in Jérémie, an isolated town in the western end of Haiti, where services, supplies, and communication lines with urban centers are scarce. Children in Jérémie rarely finish secondary school and most everyone depends on menial jobs to survive. The average family income ranges from \$90-\$300 per year. Despite this, Pierrot was able to finish high school and in 1990 he was awarded a CASS scholarship.

Upon returning to Haiti, he secured employment with the Fondation Haïtienne de Développement. Later he was hired as a local consultant by USAID, which he saw as "an opportunity to pay back the U.S. Government for (his) scholarship." He worked the following 5 years with CARE International training farmers in marketing, management and food processing techniques. He taught them how to increase their income by adding value to their products such as processing raw cassava into cassava flour and cassava bread and shipping the final product to supermarkets as far away as Port-au-Prince. Pierrot has also helped connect cacao farmers with the Hershey chocolate plant in the United States.

Pierrot Marcel is currently the Manager of the Jérémie Station for Tropical Airways d'Haiti S.A. and supervises all flights to his hometown. In addition, he founded the "Grande Anse 2009" school which, to date, has trained about 480 people in computer skills, employs nine people and has been accredited by the Haiti Ministry of Education. On a personal level, Pierrot has financed the education of each of his younger brothers.

Over 500 Haitians have joined Pierrot Marcel in making the most of their CASS opportunity, which as a result has impacted their lives and those of countless others. Additional support specifically targeted for Haiti would enable CASS to develop a construction-training program for Haitians similar to the successful reconstruction initiatives CASS launched after Hurricane Mitch in Central America. Likewise, CASS could quickly implement expanded training in the field of agriculture, which is central to the Haitian economy. Such programs could play a critical role in developing a strong workforce capable of handling infrastructure repairs and revitalizing Haitian agriculture both of which are essential to putting the Haitian economy back on track while fostering political stability.

At this critical juncture, both in terms of the nation's foreign policy priorities and with regard to defining the future of these two programs, we request your continued support in this year's appropriations process.

Thank you.

PREPARED STATEMENT OF THE NATURE CONSERVANCY

The Nature Conservancy (TNC) urges the Committee to continue its strong tradition of support to international conservation by appropriating, in fiscal year 2005, \$175 million for conservation of biodiversity within the Development Assistance account of the Agency for International Development (AID), enough to begin address-

ing critical funding gaps; \$178 million for the Global Environment facility (GEF), enough to allow for full payment of the U.S. pledge and progress toward payment of accumulated arrears; \$30 million for the Tropical Forest Conservation Act (TFCA), a debt-for-forest program that leverages taxpayers' funds with private donations from groups like the Conservancy; and \$8.4 million for international conservation programs within the International Organizations and Programs (IO&P) account at the Department of State.

The mission of The Nature Conservancy is to preserve the plants, animals, and natural communities that represent the diversity of life on Earth, by protecting the lands and waters they need to survive. Our work in the United States and abroad is closely related. For example, it is not possible to protect migratory birds in their summer ranges, inside the United States, without also taking care of their winter ranges in Latin America and the Caribbean. More broadly, a healthy natural environment is a key element in genuinely sustainable economic and social development around the world. Too often, short-term considerations drive bad choices, whose results can be catastrophic for both the natural world and for the people who live with and by means of that world. When a tropical rain forest is destroyed the people, who live in and depend upon that forest, often go extinct nearly as fast as the animals.

In our work outside the United States, we support local conservation groups that work to raise the effective level of protection at parks and nature preserves established by the local governments. We work with local communities to increase the constituency for conservation. We support sustainable development projects to improve the productivity and standard of living of rural people living in and near protected areas. We work cooperatively with landowners to promote conservation on private lands. We are a private, non-profit organization. Our recent private capital fund campaign raised more than \$1 billion. One hundred twenty million dollars will be for our work outside the United States. About 83 percent of our operating budget is raised from non-governmental sources, but government grants fill a critical need. For example, the assistance we receive through our cooperative relationship with AID is vital to our international operations. It is difficult to raise private dollars for international operating (as distinct from capital) expenses. Without AID's support, these programs would be severely damaged.

Our Parks in Peril (PiP) program in Latin America and the Caribbean and our similar efforts in the Asia/Pacific region are widely regarded as among the most successful and respected in the world. Our conservation work helps bring real protection to more than sixty major "sites"—parks and nature preserves in 27 foreign countries, comprising over 80 million acres, while also generating economic benefits to communities and individuals. In a typical recent year, AID has supported PiP with about \$6 million. The leverage on the U.S. Government's investment in PiP is very high—more than \$300 million raised by us and by our local partners for conservation work at or near the PiP sites. We have signed a new 5-year agreement for Parks in Peril, under which we will leverage its proven methodology to many more places through at least 2006. Your Committee has praised Parks in Peril in its past reports, and we hope you will do so again.

We are also grateful for AID's support to our other international projects, especially through the Global Conservation Program (GCP) and through the President's Initiative Against Illegal Logging. The GCP, for example, helps support our work on the coral reef that surrounds Komodo Island in Indonesia: for park rangers, marine patrol boats to enforce the ban on destructive fishing, and alternative development projects for local people.

AID's support to biodiversity is by far the largest portion of all U.S. Government funding to international conservation: \$155 million in fiscal year 2004. Your Committee has long supported AID's biodiversity work. We recognize the need for priorities at this moment of international crises. But, in view of the critical needs for survival of the world's natural heritage and the strong contribution that a healthy environment makes to social and political peace, we urge the Committee to raise overall grants to environmental work by AID. The Nature Conservancy as part of an alliance of conservation groups urges that AID's biodiversity funding (part of its environmental line item) for fiscal year 2005 be increased by \$20 million to \$175 million. Even after such an increase, the AID environmental share of the \$21.3 billion Foreign Operations total will remain small—barely 1 percent. Should an increase for biodiversity prove impossible despite your best efforts, we strongly urge the Committee to provide clear legislative guidance that AID's actual investment in conservation of global biodiversity should at the least not decline, and that only *in situ* conservation should count against the congressionally mandated level.

The Tropical Forest Conservation Act (TFCA), known as the Portman Act, is also funded within Foreign Operations. The Administration has requested \$20 million for

fiscal year 2005 in the Treasury account, the same as in fiscal year 2004. We strongly support this request, and recommend that if possible it be increased to \$30 million. If more funds were available, the TFCA could certainly put them to prompt and good use. The TFCA uses debt reduction deals to create long-term income streams to protect forests. The Conservancy donated more than \$1 million each to the TFCA deal with Belize and Panama, and over \$400,000 each to the deals with Peru and Colombia. These debt-for-forest deals leverage the U.S. taxpayers' dollar: typically, there is about \$2 of conservation benefit for each \$1 of appropriated funds. If TFCA gets \$20 million, it will be possible to do several deals beyond Colombia, including such countries as Jamaica, Ecuador, Guatemala, and Paraguay. TNC stands willing to donate additional private funds in each case. If TFCA receives \$30 million, the size of the deals could be increased and additional countries could participate.

The Global Environment Facility (GEF) is the largest single source of environmental funds (including conservation) in the world, leveraging U.S. Government contributions four-to-one. The Administration's request level for fiscal year 2005 is \$121 million, down significantly from the \$138 million and \$147 million appropriated in the last 2 years. This fiscal year 2005 level of funding would be barely adequate to meet the U.S. pledge level, and would allow virtually no progress toward paying the U.S. arrears. We urge the Committee to fund the GEF at \$178 million, enough to meet the Administration's original goal of clearing all arrears within 3 or 4 years.

TNC appreciates the opportunity to submit this testimony for the record, and in closing suggests the following Committee report language regarding biodiversity, Parks in Peril, and the Tropical Forest Conservation Act.

Draft Report Language:

AID'S SUPPORT TO CONSERVING BIODIVERSITY

The Committee has repeatedly urged that AID make biodiversity conservation a high priority. The Committee directs that \$175 million shall be made available for programs and activities that directly protect biodiversity in developing countries. The Committee further directs that, in meeting this goal, AID shall count only programs that help in situ protection of native wild animals and plants.

PARKS IN PERIL

The Committee strongly reiterates its continued support for the AID Parks in Peril (PiP) program, a partnership with the Nature Conservancy to promote biodiversity conservation in imperiled ecosystems throughout Latin America and the Caribbean.

TROPICAL FOREST CONSERVATION ACT (TFCA)

The Committee strongly supports this program, which brings "leverage" to forest conservation. Under TFCA debt deals, the amount directed to forest conservation is always substantially more than the U.S. appropriated funds. The Committee directs that, of the amount appropriated, up to \$1 million may be used for costs of U.S. federal agencies to administer the program.

THE NATURE CONSERVANCY,
Lexington, KY, May 5, 2004.

Attn: BRYTT BROOKS,
Office of Senator Mitch McConnell, Subcommittee on Foreign Operations, Senate
Committee on Appropriations, Washington, DC.

DEAR SENATOR McCONNELL: On behalf of the Kentucky Chapter of The Nature Conservancy I wanted to offer our support for the fiscal year 2005 budget of the Agency for International Development (AID) and other programs that conserve biological diversity in developing countries.

Our international programs and those of dozens of conservation organizations globally, benefit from AID support. Parks in Peril is a successful, multi-year Nature Conservancy effort that benefits from important AID help. I urge your committee to again put language strongly supportive of AID biodiversity conservation work and of Parks in peril in the report.

We support more AID biodiversity money for the Tropical Forest Conservation Act, up from \$20 million to \$30 million if possible. We also support the international program of the U.S. Forest Service. While they are appropriated in Interior, not Foreign Operations, they do work on the Mexico side of the San Pedro and we are supporting an increase from \$6 to \$8 million.

Thank you for your past support. Please fell free to call me at 859-259-9655.
 Sincerely yours,

JAMES R. ALDRICH,
Vice President/State Director.

PREPARED STATEMENT OF ROTARY INTERNATIONAL

Chairman McConnell, Senator Leahy, members of the Subcommittee, Rotary International appreciates this opportunity to submit testimony in support of the polio eradication activities of the U.S. Agency for International Development (USAID). The effort to eradicate polio has been likened to a race—a race to reach the last child. This race requires the dedication to make the sacrifices necessary to achieve success. Like some great relay team, the major partners in the global polio eradication effort have joined with national governments around the world in an unprecedented demonstration of commitment to cross the finish line of this historic public health goal. We cannot allow the great distance we have traveled to diminish our resolve. Though we may be weary, our adversary is weakening. The victory over polio is closer than ever!!

I would like to take this opportunity to thank you Chairman McConnell, Senator Leahy and members of the Subcommittee for your tremendous commitment to this effort. Without your support of USAID's polio eradication activities, the battle against polio would be impossible. We appreciate the long-term investment you have made through USAID to strengthen the basic health care infrastructure of many polio-endemic countries. This solid infrastructure has provided the foundation on which the polio eradication program has succeeded. Additional support of the polio eradication program further strengthens this infrastructure because it gives confidence to the health care workers, provides dramatic assistance to families who no longer suffer the ravages of polio, and provides hope that other diseases can also be eliminated.

PROGRESS IN THE GLOBAL PROGRAM TO ERADICATE POLIO

Thanks to your leadership in appropriating funds, the international effort to eradicate polio has made tremendous progress.

- The number of polio cases has fallen from an estimated 350,000 in 1988 to less than 800 in 2003—a more than 99 percent decline in reported cases (see Exhibit A). More than 200 countries and territories are polio-free, including 4 of the 5 most populous countries in the world (China, United States, Indonesia, and Brazil).
- Transmission of the poliovirus has never been more geographically confined. The Western Hemisphere, the Western Pacific and the European regions have been certified polio-free and wild poliovirus transmission is confined to a limited number of polio “hot-spots” within six countries.
- More than 2 billion children worldwide have been immunized during NIDs in the last 5 years, including more than 150 million in a single day in India.
- All polio-endemic countries in the world have conducted NIDs and established high quality surveillance of Acute Flaccid Paralysis (AFP). The eradication of polio in the Democratic Republic of Congo, Sudan, and Somalia shows that polio eradication strategies are successful even in countries affected by civil unrest.

From the launch of the global initiative in 1988, to the eradication target date of 2005, 5 million people who would otherwise have been paralyzed will be walking because they have been immunized against polio. Tens of thousands of public health workers have been trained to investigate cases of acute flaccid paralysis and manage massive immunization programs. Cold chain, transport and communications systems for immunization have been strengthened. A network of 147 polio laboratories has been established to analyze suspected cases of polio and monitor transmission of polio. This network will continue to support the surveillance of other diseases long after polio has been eradicated.

Give the tremendous progress that has been made in reducing the incidence of polio and diminishing the areas in which the virus circulates, the world currently faces an unprecedented opportunity to stop the transmission of wild poliovirus. However, significant challenges remain as obstacles to the ultimate achievement of our goal of a polio-free world. In 2003, Nigeria surpassed India to become the country with the highest number of polio cases. The surge in polio cases in Nigeria also resulted in importations of cases into several of the countries that neighbor Nigeria. The risk of importations into west and central African countries, and around the world, is magnified by financial constraints that limit the scope of immunization activities.

Continued political commitment is essential in all polio endemic countries, to support the acceleration of eradication activities. The ongoing support of donor countries is essential to assure the necessary human and financial resources are made available to polio-endemic countries. Access to children is needed, particularly in Nigeria, where political and financial differences between key states and the federal government were unexpectedly given voice in the form of untrue rumors about the safety of the oral polio vaccine. As a result, immunization activities in the states that need them most were delayed and/or suspended during the effort to address local concerns. Polio-free countries must maintain high levels of routine polio immunization and surveillance. The continued leadership of the United States is critical to ensure we meet these challenges.

THE ROLE OF ROTARY INTERNATIONAL

Since 1985, Rotary International, a global association of more than 30,000 Rotary clubs, with a membership of over 1.2 million business and professional leaders in 166 countries, has been committed to battling this crippling disease. In the United States today there are nearly 7,700 Rotary clubs with some 400,000 members. All of our clubs work to promote humanitarian service, high ethical standards in all vocations, and international understanding. Rotary International stands hand-in-hand with the United States Government and governments around the world to fight polio through local volunteer support of National Immunization Days, raising awareness about polio eradication, and providing financial support for the initiative. In 2003, members of Rotary clubs around the world announced the results of their second polio eradication fundraising campaign. Rotarians far exceeded the U.S. \$80 million goal they had set by raising U.S. \$119 million in cash and commitments. Rotary firmly believes that the vision of a world without polio can be realized and that the time for action is now. By the time the world is certified polio-free, Rotary's contribution to the global polio eradication effort will exceed U.S. \$600 million.

Rotary International's commitment to the global polio eradication represents the largest contribution by an international service organization to a public health initiative ever. These funds have been allocated for polio vaccine, operational costs, laboratory surveillance, cold chain, training and social mobilization in 122 countries. More importantly, tens of thousands of Rotarians have been mobilized to work together with their national ministries of health, UNICEF and WHO, and with health providers at the grassroots level in thousands of communities.

In the United States, Rotary has formed and leads the United States Coalition for the Eradication of Polio, a group of committed child health advocates that includes Rotary, the March of Dimes Birth Defects Foundation, the American Academy of Pediatrics, the Task Force for Child Survival and Development, the United Nations Foundation, and the U.S. Fund for UNICEF. These organizations join us in expressing our gratitude to you for your staunch support of the international program to eradicate polio. For fiscal year 2004, you appropriated a total of \$27.5 million for the polio eradication efforts of USAID. This investment has helped to make the United States the leader among donor nations in the drive to eradicate this crippling disease.

FISCAL YEAR 2005 BUDGET REQUEST

For fiscal year 2005, we are requesting that your Subcommittee specify \$30 million for global polio eradication in USAID's budget. These funds will support USAID's delivery of vaccine and the development of the infrastructure necessary to maintain its Polio Eradication Initiative. This would represent a funding increase of \$2.5 million from the fiscal year 2004 level. This funding level will provide much-needed stability to the program and ensure that the United States remains a leader in the global polio eradication effort. In addition, we are seeking report language specifying that this funding is provided specifically to combat polio. It is important to meet this level of funding due to the increased costs of the accelerated eradication program, and to respond to the increase in supplementary immunization activities in endemic countries, the need to maintain immunity in polio-free areas and maintain certification standard surveillance.

THE ROLE OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

In April 1996, with the support of the 104th Congress and in response to the strong urging of your Subcommittee, USAID launched its own Polio Eradication Initiative to coordinate agency-wide efforts to help eradicate polio. Over the subsequent 4 years, despite decreases in the overall Child Survival budget, Congress directed that \$25 million be allocated to USAID's international polio eradication efforts. In fiscal year 2001, Congress increased this allocation to \$27.5 million—an amount

that was maintained since that time. Some of USAID's achievements in the past, and their planned Polio Eradication Initiative activities in 2004, include:

Increased National Activities Throughout Africa.—USAID-supported synchronized multi-country national immunization days in 20 West and Central African countries reached more than 96 million children in 2001 and 2002. In 2002, São Tomé and Príncipe joined the group of West African countries that synchronized NIDs. Sub-national immunization days targeting children under age 5 were conducted mainly in countries of East and Southern Africa. In East Africa, five countries participated in coordinated cross-border activities. Border districts in Djibouti, Ethiopia, Sudan, Kenya, and Somalia shared data about wild poliovirus and surveillance indicators. These activities will continue and expand during 2003.

Intensified Efforts in South East Asia.—WHO's South East Asia region accounted for more than 80 percent of the global total of polio cases in 2002. Across the region, USAID grants to WHO, UNICEF, and the International Clinical Epidemiology Network supported immunization programs, NIDs, and follow-up campaigns. USAID support for these partners also strengthened planning, surveillance, laboratory, training, social mobilization, and information collection activities. USAID also supported country-specific activities in Bangladesh, India, Indonesia, and Nepal.

PVO and NGO Collaborations.—In India, private voluntary organizations (PVOs) belonging to USAID's Child Survival and Resources Collaboration (CORE) Group helped the vaccination program in Uttar Pradesh state reach high-risk Muslim families. At the request of the Ministry of Health, the PVOs and their local partners provided support for social mobilization and marshalling volunteers to counsel Muslim families who were resisting immunizations for their children. In Calcutta, a nongovernmental organization (NGO) that partners with a CORE PVO was asked to cover slum wards because of its outstanding record of service. Because of the high-quality work performed by the NGO's volunteers, the health department assigned them the task of cross-checking for missed children during follow-up efforts. CORE NGOs are tackling the most difficult to reach populations in Nepal, Angola and Ethiopia in addition to India. Hundreds of thousands of children who had never been immunized against polio were located and vaccinated due to the diligence of CORE volunteers. All CORE members have identified AFP cases and participate on national interagency coordinating committees.

Global Contributions.—USAID supported the certification commission in the European region, provides funds for accreditation and operations of the global laboratory network, intensified efforts in Afghanistan and Pakistan, and continued its role in polio communication through VOA and UNICEF. Working in collaboration with WHO USAID has developed guidelines for validating polio containment activities. USAID staff at all levels are actively engaged in planning, monitoring and evaluating activities and serve as observers during NIDs.

OTHER BENEFITS OF POLIO ERADICATION

Increased political and financial support for childhood immunization has many documented long-term benefits. Polio eradication is helping countries to develop public health and disease surveillance systems useful in the control of other vaccine-preventable infectious diseases. Already all 47 countries of the Americas are free of indigenous measles, due in part to improvements in the public health infrastructure implemented during the war on polio. The disease surveillance system—the network of laboratories and trained personnel established during the Polio Eradication Initiative—is now being used to track measles, rubella, yellow fever, meningitis, and other deadly infectious diseases. NIDs for polio have been used as an opportunity to give children essential vitamin A, which, like polio, is administered orally, saving the lives of 1.25 million children since 1998. The campaign to eliminate polio from communities has led to an increased public awareness of the benefits of immunization, creating a "culture of immunization" and resulting in increased usage of primary health care and higher immunization rates for other vaccines. It has improved public health communications and taught nations important lessons about vaccine storage and distribution, and the logistics of organizing nation-wide health programs. Additionally, the unprecedented cooperation between the public and private sectors serves as a model for other public health initiatives. Polio eradication is a cost-effective public health investment, as its benefits accrue forever.

RESOURCES NEEDED TO FINISH THE JOB OF POLIO ERADICATION

The World Health Organization estimates that \$765 million is needed from donors for the period 2004–2005 to help polio-endemic countries complete the polio eradication strategy. In the Americas, some 80 percent of the cost of polio eradication efforts was borne by the national governments themselves. However, as the battle

against polio is taken to the poorest, least-developed nations on earth, and those in the midst of civil conflict, many of the remaining polio-endemic nations can contribute only a small percentage of the needed funds. In some countries, up to 100 percent of the NID and other polio eradication costs must be met by external donor sources. We ask the United States to continue its financial leadership in order to see this initiative to its successful conclusion as quickly as possible.

The United States' commitment to polio eradication has stimulated other countries to increase their support. Other countries that have followed America's lead and made special grants for the global Polio Eradication Initiative include the United Kingdom (\$425 million), the Netherlands (\$112 million), and Canada (\$85 million). Japan, which has contributed \$231 million, recently expanded its support to polio eradication efforts in Africa. Even the tiny country of Luxembourg has invested in global polio eradication by contributing \$4.2 million. In both 2002 and 2003 the members of the G8 committed to provide sufficient resources to eradicate polio as part of its Africa Action Plan. In addition to the ongoing contributions made by historic donors such as United States, the United Kingdom, and Canada, new commitments of \$37 million and \$4 million were made by France and Russia in response to the G8 pledge.

Intense political commitment on the part of endemic nations is also essential to ensuring polio eradication is achieved. In January 2004, health ministers of the six remaining endemic countries (Afghanistan, Egypt, India, Niger, Nigeria, and Pakistan) gathered at a meeting convened at WHO in Geneva to declare their commitment to supporting intensified supplementary immunization activities in the "Geneva Declaration for the Eradication of Poliomyelitis." In addition, resolutions supporting polio eradication were taken by the African Union and the Organization of the Islamic Conference. Each of these resolutions encourages member states to place a high priority on completing the job of polio eradication.

Your discipline, commitment and endurance have brought us to the brink of victory in the great race against this ancient scourge. Polio cripples and kills. It deprives our children of the capacity to run, walk and play. Other great health crises loom on the horizon. Your continued support for this initiative helps ensure that today's children possess the strength and vitality to grow up and fight against the health threats of future generations.

Exhibit A

Wild poliovirus in 2003

6 endemic countries



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