

RELEASE IN
FULL**TESTIMONY BEFORE HOUSE APPROPRIATIONS COMMITTEE****SUBCOMMITTEE ON STATE/FOREIGN OPERATIONS****MAY 13, 2009****DEPUTY SECRETARY OF STATE JACOB J. LEW****DEPARTMENT OF STATE****Fiscal 2010 State-Foreign Operations Appropriations****Introduction: A New American Leadership**

Madam Chairwoman, Representative Granger, members of the subcommittee, it is an honor to appear before you today to discuss the principles and priorities that underlie President Obama's international affairs budget request for 2010. During our first months in office, the Obama Administration has launched an ambitious foreign policy agenda, recognizing, as the President has said, that the challenges of our time will not wait for sequencing. The United States confronts what may well be the most complex array of threats in our history -- Iraq, Afghanistan, and Pakistan, terrorism, climate change, pandemic disease, extreme poverty, nuclear proliferation, and global criminal networks.

American leadership remains essential. But we cannot meet these threats alone. Nor can we use only one set of tools. Tackling these challenges successfully -- and seizing the opportunity to help build a more peaceful and prosperous world -- requires robust partnerships, greater capacity, and stronger institutions. It also means that we must invest more in the programs and people with the skills and capabilities to address these complex challenges.

This approach is what Secretary of State Clinton has called "smart power." As she has explained, only through the appropriate use of smart power -- harnessing the tools of diplomacy, development *and* defense -- will we succeed. These three pillars of smart power are essential to prevent and deter conflict and emerging threats.

The resources in this budget fund the operational elements required to support two pillars of our smart-power strategy -- diplomacy and development. We know that the key to our security and prosperity is a stable and secure world. And we also know that our power does not just come from our military might, but from our values, our capacity to form strong partnerships, and our ability to improve the lives of others so we do not pay the price of global poverty, instability, and ultimately, conflict. This budget represents a fraction of what our government spends each year on what has traditionally been defined as national security, reflecting the cost-effectiveness of prevention through diplomacy and development.

That is why the Secretary of Defense has come to Congress and asked that more resources be devoted to foreign affairs. As Secretary Gates said in his recent testimony with Secretary Clinton, "I believe that the challenges confronting our nation cannot be dealt with by military means alone. They instead require whole-of-government approaches -- but that can only be done if the State Department is given resources befitting the scope of its mission across the globe. This is particularly important in Afghanistan and Pakistan, where our ability to provide resources beyond military power will be the decisive factor." Or, as Senators Kerry and Lugar noted in their successful bipartisan effort to fully fund international affairs in the Budget Resolution, "From pandemics to climate change to failed states, this century's security challenges demand a new level of commitment to diplomacy and development. With this relatively small investment, we are making significant strides toward restoring America's leadership role in the world."

This budget -- a total of \$53.9 billion, of which \$48.6 billion is for the State Department and USAID -- is a 9 percent increase over the total FY 2009 funding level, including supplemental appropriations. It reflects the Obama Administration's commitment to fiscal discipline and transparency by shifting funding for predictable and recurring programs, previously funded in emergency supplemental appropriations, into the FY 2010 request.

We understand that this is a difficult moment to ask the American people to support even a modest increase in spending overseas. At the same time, the American people understand that our future security depends on avoiding future conflicts that will force us to pay a terrible cost in lives and dollars. Humanitarian objectives are also security requirements. Children need basic education to pursue opportunities rather than hatred; parents need jobs to reject the appeal of extremists who often seem to offer the only way to support their families; and for many, survival requires minimal access to basic health care services. With this request, we seek to strengthen America's position of global leadership -- ensuring that we remain a force for peace and prosperity in the world, advancing our own security even as we expand the circle of dignity and opportunity for people left outside of it.

Five Smart Power Funding Objectives

First, we must build the civilian capacity within the Department of State and USAID necessary for 21st Century missions.

Our diplomatic and development missions have evolved. Foreign and civil service personnel deploy alongside the military in Afghanistan and Iraq, reaching far beyond embassy walls to connect with citizens and communities whose support we enlist to suppress insurgency and drive out enemies like the Taliban and al-Qaeda. They build the capacity of fledgling political parties, ministries, and trade associations. They help create the conditions for economic growth and democratic progress, and lay the groundwork for expanded access to health, education, and other basic needs. And they build the alliances necessary to use smart power, including multilateral engagement and private sector

collaboration. Our diplomatic and development teams are increasingly posted in situations that resemble military conditions rather than traditional diplomatic assignments. We simply cannot spread our workforce thinner and thinner without increasing the risk that while we address a current hotspot we are missing an opportunity to prevent the next crisis or engage in such a way as to build new and capable partners.

The FY 2010 budget requests \$283 million to support adding over 740 new Foreign Service personnel at the Department of State, a significant step toward achieving a 25 percent increase in State Foreign Service personnel over four years. I want to call special attention, however, to our efforts to rebuild USAID, where, as many of you have noted, human resources have significantly eroded over the past decade, even as we have ramped up development activities and our expectations of our lead development institution. The FY 2010 request includes a 45 percent increase in USAID operations to support adding an additional 350 new permanent USAID Foreign Service Officers and related capital improvements under the Agency's Development Leadership Initiative. The FY 2010 budget puts the USAID on a path to double its Foreign Service officers by 2012. The budget also would provide the resources needed to train the expanded workforces of both State and USAID with the language, diplomatic, development and managerial skills necessary for their mission, and allow us to increase civilian presence and leadership in places like Afghanistan, Pakistan, and Iraq.

We must not only expand our reach but improve our management and oversight capacity. We see contract reform as a critical component of that effort. In FY 1990, USAID employed nearly 3,500 permanent direct hires administering \$5 billion a year in assistance. As of FY 2008, USAID employed about 2,200 permanent direct hires administering \$13.2 billion in assistance. USAID's ability to provide strategic direction and appropriate oversight is clearly challenged at this level. This diminished workforce has resulted in contracting out more and more programs and activities, bundling activities under large mechanisms, and in many cases, higher overall costs.

The only way to reverse this trend is to increase the core of foreign and civil service staff whose full time and sole responsibility is to serve their mission. Foreign and civil service officers on the ground need to be developing objectives, working with locally based organizations, providing oversight, and making decisions about how resources are utilized. We have announced our intent to double foreign assistance by 2015. This can only be accomplished if we have the people on board to drive the program.

The State Department has long needed greater capacity to respond quickly to stabilize situations at times of conflict or crisis. These situations may be caused by political or natural disasters, but they share a common need for a rapid civilian response. Our military men and women are often called upon to respond to situations for which they were not trained and where a civilian presence would be more effective. The military has done an extraordinary job, but it cannot -- and should not -- handle these situations alone. In order to build the capacity to deploy civilians rapidly, we are requesting \$363 million for the Civilian Stabilization Initiative. This will expand our total response team to over four thousand persons and greatly increases our ability to prevent and respond to conflict

with an immediately deployable civilian counterpart to the U.S. military, ready and able to help stabilize countries in the transition from war to peace.

Included in that request is \$40 million for a Stabilization Bridge Fund, which will provide the Civilian Responders immediate resources for critical transition and stabilization programs to reduce the need for long-term deployments of military forces or peacekeepers. Separately, we also request \$76 million for a Rapid Response Fund to help stabilize turmoil in new and fragile democracies, such as what we saw during Kenya's most recent election, where a quick infusion of resources can help reconcile competing interests and support the will of the people.

In order to increase personnel and conflict response capacity, we also need the tools and infrastructure to enable our overseas personnel to do their jobs. The FY 2010 budget includes \$2.095 billion to construct safe, secure, functional new embassies; a strengthened American presence in critical emerging areas; and expanded and secure global classified and unclassified information technology networks. These resources also support efforts to improve the efficiency of diplomatic and development operations, including modernizing antiquated software systems; integrating State and USAID information technology; participating in e-government initiatives that promote transparency, accountability and citizen engagement; upgrading reporting and financial management systems, and consolidating State and USAID administrative platforms.

Smart power means using all of the tools available to reach out to the world, and the FY 2010 budget requests \$1.13 billion for public diplomacy and educational and cultural exchanges, providing the resources required to engage and influence people around the world, advance understanding of our country's principles and values, and facilitate the formation of strategic partnerships through the exchange of people and ideas. These programs connect people to people -- exchanging knowledge, information, and expertise, and bring people together around shared values. Public diplomacy programs often help build the sustainable relationships with local communities that become foundations of our development programs. And in a world in which 60 percent of the population is under the age of 30, our youth programs are among the most critical investments we can make. Extracurricular programs, educational opportunities, and exchanges help divert at-risk youth away from the influence of violent actors, and the use of innovative new media greatly expands our reach into this critical population.

Second, we must promote long-term development and human security -- both from the top-down and bottom-up.

Americans have seen first-hand the threats that emerge from ungoverned spaces -- the dangers that can take root with poverty, political oppression, and disenfranchisement. Elevating development alongside diplomacy as an equal pillar of our foreign policy is not only a moral commitment, but a national security imperative. Our superb military can stem conflict, but it cannot lay the foundations of long-term economic growth, good governance, and human capacity that will result in sustainable peace and prosperity. In the long run, the more effective we are at development, the less we will be forced to turn to defense.

Our “top-down” development strategy must strengthen the ability of governments to support just and capable institutions that meet the basic needs of their populations; and the enabling environment for broad-based, equitable economic growth, including access to the global economy.

Our “bottom-up” development strategy partners with citizens and civic groups to build human capacity, ultimately spurring the power of individuals and societies to innovate, cooperate, and solve problems -- both locally and globally. Overall, 56 percent of our assistance request is targeted to development programs, with special emphasis on economic development and good governance, global health, food security, education, and global climate change.

As Secretary Clinton has said, “We believe that extreme poverty poses a grave threat to global security and certainly to prosperity.” Development experts have predicted that 50 million more people could end up living in poverty this year. A sharp increase in global poverty has the potential to spark new humanitarian crises, erode gains from a wide range of U.S. taxpayer investments in development, reverse progress toward achieving the Millennium Development goals, and destabilize countries that are our partners. Many responsible countries cannot raise funds to support safety nets, restore financial markets, or serve the poor.

These burdens will disproportionately fall on women and children, who are the most marginalized in many populations and who constitute the great majority of poor around the globe. Raising the status of women and their families -- and supporting their participation in the political, economic and social spheres of society -- is a key ingredient of our development goals. Moreover, investing in women is one of the most effective development tools for poverty alleviation and a country’s general prosperity. It remains a simple fact that no country can hope to get ahead if half of its citizens are left behind. In recognition of this imperative, the Secretary has consolidated activities that were spread across the State Department in an Office of Global Women’s Issues to ensure that our foreign policy programs, including our development initiatives, reflect the needs and perspectives of women and girls.

Economic Development & Good Governance: The FY 2010 request demonstrates the Administration’s strong commitment to fighting poverty, both because it is important for our national security interests, but also to further American values. Funding for economic growth and democratic progress, both critical to achieving sustainable development and accountable governance, are up significantly over last year’s level: \$4.7 billion -- a 16 percent increase over FY 2009 -- is requested to drive economic growth; and \$2.8 billion -- a nine percent increase over FY 2009 -- is requested for assistance to strengthen democracy and good governance worldwide.

Support for economic growth and governance is particularly critical in Africa and each is up by more than 30 percent over the current year: economic growth in Africa grows from \$891 million in FY 2009 to a request of \$1.175 billion, and governance from \$265 million to \$347 million. Funding is targeted to development needs and economic opportunity and governance programs critical to the success of the investments we have

made through the Millennium Challenge Corporation and the President's Emergency Plan for AIDS Relief.

Food Security: The President announced at the G20 meeting in London that we will seek to double U.S. financial support for agricultural development in developing countries in order to, in his words, "give people the tools they need to lift themselves out of poverty." The FY 2010 request makes good on this commitment by including \$1.36 billion, an increase of 62 percent from last year, including the FY 2009 Spring Supplemental Request, to address the root causes of food insecurity by increasing agricultural production and productivity. Our strategy meets short-term needs and builds long-term foundations to reduce food insecurity by improving production, increasing rural household incomes, improving the nutritional status of children, and reducing reliance on international food aid. Another \$1.99 billion will be used to provide food aid, of which \$300 million will support emergency food security interventions such as cash voucher and cash transfer programs and the local and regional purchase of food.

Education: Our request for basic education expands the United States' leadership in global efforts to help all girls and boys access quality basic education. The FY 2010 request ramps up support for basic education to nearly \$1 billion, an increase of 26 percent over the current year, to expand access to schooling, improve educational quality, increase emphasis on educational results, and provide alternatives to extremist ideology. The request expands focus to include at-risk and out-of-school youth, and programs are coordinated with partner countries, other donors, and multilateral institutions, including the Education For All Fast-Track Initiative, to reduce the global education deficit.

Global Climate Change: Since taking office, President Obama and Secretary Clinton have made it clear that the United States is fully engaged and committed to meeting the challenges of climate change. The Obama Administration is bringing significant resources to the table -- almost a \$1 billion overall U.S. Government increase, including funds requested by the Treasury Department, signifying robust and ambitious measures by the Obama Administration to combat climate change and help put the world on a pathway to a low carbon future.

Within the State and USAID budget, the FY 2010 request includes \$309 million of additional international climate change assistance, added to an FY 2009 base of \$272 million for a total of \$581 million. These funds will help developing countries most vulnerable to the impacts of climate change adapt and become more climate-resilient and also assist them in pursuing low carbon economies through the development of clean energy alternatives. Further, we will support international programs aimed at reducing emissions from the energy sector, industry, and urban areas and encourage sustainable water and land use, including deforestation, which accounts for about 17 percent of global greenhouse gas emission.

Global Health: The United States continues to lead on global health in HIV/AIDS, TB, and malaria, and we are now taking the next steps that will save the lives of millions more women, children and families in the developing world. The FY 2010 budget request includes \$7.6 billion for global health programs for the Global Health and Child

Survival (GHCS) Account. This request is part of a six-year, \$63 billion effort to launch, alongside our existing commitments and partners, an integrated approach to increase resources for maternal and child health, family planning and neglected tropical diseases with the potential to enhance dramatically quality of life, exponentially increase the number of lives saved, and break the cycle of poverty and disease.

To combat HIV/AIDS, this budget provides a \$100 million increase for HIV/AIDS bilateral programs over FY 2009 enacted and demonstrates this Administration's commitment to continuing the fight against HIV/AIDS as the centerpiece of its global health agenda. In FY 2010, HIV/AIDS funding is almost 75% of the GHCS funding. In addition, a total of \$585 million is requested to support the malaria initiative to reduce malaria deaths by 50 percent in each of 15 priority countries; and the \$525 million requested for maternal and child health and \$475 million requested for family planning is an increase over the robust levels appropriated by Congress in FY 2009.

Third, we must enhance strategic bilateral and multilateral partnerships critical to global security, stability, and prosperity.

We must renew our diplomacy and target our development assistance to address global threats too big and complex to meet alone, helping to develop the capacity of willing partners to work with us to solve global problems. Our strategy focuses on states that can or must be partners in regional peace and prosperity and those tipping-point states whose frailties present regional and global threats. And it seeks to leverage multilateral engagement, always a force multiplier in addressing challenges of mutual concern.

Our simultaneous top-down and bottom-up approach allows us to focus on building much-needed capabilities in government institutions while at the same time reaching out directly to meet humanitarian needs of the population. As the President and Secretary have made clear, the Administration is committed to ensuring that our spending in these areas is guided by clear plans with achievable outcomes. Such assistance will not be a blank check -- we will hold ourselves and others accountable and establish clear indicators for success.

In Afghanistan, we are seeking to help develop self-reliant Afghanistan Security Forces; promoting capable, accountable and effective government at the provincial, local and national levels; ramping up quick impact civilian assistance efforts that promote licit economic opportunities to support counter-insurgency efforts; and increasing alternative development funding as part of our counter-narcotics strategy. The FY 2010 request includes significant resources for non-military assistance to Afghanistan -- \$2.79 billion -- an increase of four percent over the FY 2009 total, including the Spring Supplemental Request.

In Pakistan, we will work toward improving Pakistan's capability to fight extremists; strengthening government capacity and the rule of law; providing emergency economic relief and promoting economic growth, agriculture, infrastructure, and education as alternatives to extremist ideology; and developing a strategic communications strategy to counter terrorist propaganda. The FY 2010 request for Pakistan is \$1.6 billion, an 11

percent increase from FY 2009 and a tripling of non-military aid from \$457 million in FY 2008 to \$1.3 billion in FY 2010.

And in Iraq, our funding request advances efforts to continue our support toward greater Iraqi self reliance. The FY 2010 request of \$500 million, a decrease of 18 percent from the FY 2009 total, focuses on key areas that will help the Iraqis lay a foundation for lasting peace and stability, including strengthened institutional capacity at both the national and provincial levels, assistance to displaced Iraqis, and support to advance national reconciliation.

In the broader Middle East, we will continue to work to support greater stability and prosperity. The United States remains committed to a comprehensive and secure peace between Israel and its Arab neighbors, including a two-state solution to the Israeli-Palestinian conflict. We remain steadfast in our commitment to Israel's security. The FY 2010 request includes \$2.8 billion for Israel, a \$225 million increase from FY 2009, to support the second year of a ten-year, \$30 billion commitment to help Israel maintain its qualitative military edge. Other U.S. assistance to the countries of the region, including Egypt, Jordan and Lebanon, support this objective by fostering stability, security and the economic prosperity of our allies and mitigating the influence of extremists.

Our assistance also supports the conditions necessary for a Palestinian state to be realized while continuing to meet immediate humanitarian needs. We are seeking funds to help strengthen the Palestinian Authority's governing institutions. These steps are essential to resuming serious negotiations toward a comprehensive peace in the region and establishment of a Palestinian state that will live side-by-side with Israel in peace and security.

The FY 2010 request includes \$502 million for the West Bank and Gaza to support reforms of the security sector; improve local infrastructure; build institutional capacity; strengthen moderate voices, including in the private sector; create jobs; provide necessary humanitarian assistance; and promote initiatives in health and education. In all cases, our assistance programs in Gaza will be based on work with fully-vetted private individuals, organizations, and public international organizations, and will be carried out in a transparent, accountable manner to help ensure that aid does not end up in the hands of terrorist organizations. We will work with the Palestinian Authority and our implementing partners to follow established safeguards that will ensure that our funding is used only where, and for whom, it is intended.

Finally, in keeping with our prevention strategy, the FY 2010 request increases funding for Yemen by 83 percent, to \$55 million. We believe we must work to help keep Yemen out of failed state status. We have requested significant across-the-board development increases in education, health, and jobs creation to mitigate this threat.

Closer to home, we seek to strengthen ties with our partners in Mexico and Central and South America. Our approach is one of true collaboration, targeted to needs they identify and building the security capacity of the state while also focusing on the root causes of crime in the region, including economic inequality, the lack of educational opportunities,

corruption, impunity, and weak governmental institutions. We request \$550 million in the FY 2010 request to strengthen our efforts under the Mérida Initiative to combat narcotics and arms trafficking, gangs and organized crime in our hemisphere by strengthening law enforcement and interdiction capacity. Other regional priorities include continued support for Colombia's fight against terrorism and narcotics trafficking -- although at a reduced rate as Colombia continues assuming greater responsibility for counter-narcotics efforts. And we are meeting the President's Summit of the Americas Commitments with \$55 million for energy and climate change, \$31 million for a Caribbean Security Initiative as part of the President's Shared Security Partnership to compliment Mérida, and \$10 million for an education partnership for at-risk youth.

Together with the review of our strategy in Haiti, and on the heels of the Secretary's visit, we are requesting significant funding for Haiti to strengthen its democracy, reduce poverty, protect the environment, and expand counter-narcotics programs. In the security sector, U.S. programs will focus on recruiting, training and equipping Haiti's police, and on stabilizing urban hot zones that until recently were incubators of gang warfare and political violence. On economic growth, we will focus on developing the country's finance sector, helping the government create a regulatory environment favorable to investors, and growing the capacity of the country's agriculture industry.

In Africa, the imperative to counter the threats of AIDS, Malaria, and other major obstacles to health and prosperity remains compelling. The global economic crisis has hit Africa harder than expected, with food insecurity exacerbated by low commodity export revenues and dwindling remittances and investment flows. These factors have threatened social unrest and political instability, particularly in the form of coups. Our response is designed to promote economic growth and support good governance in order to create greater opportunities, as well as to address issues such as food insecurity, with significant resources targeted to those countries in Africa that have the potential to become regional bread baskets. We also seek to buttress the continent against the erosion of the hard-won gains in political stability and democratic progress, particularly in Kenya and Liberia. Finally, our request is targeted to help resolve and prevent destabilizing conflicts, especially in Sudan, Somalia, and the Democratic Republic of the Congo. African entrepreneurs and civil society leaders have begun to reorient their societies toward growth and better governance. With our support and partnership, we can save lives, prevent instability and extremism from advancing, and put Africa back on the road to a prosperous future.

Many countries of East Asia and the Pacific have, in the course of a generation, lifted themselves out of poverty and become models for economic prosperity and political diversity. Our goals for the region include ensuring peace, consolidating democratic gains, and fostering continued economic reforms to reach the region's poorest citizens. Our programs in the Philippines and our work in North Korea help to reduce the risk of terrorism and nuclear proliferation which threaten the United States and the region. On the democracy front, Secretary Clinton announced the launch of a U.S.-Indonesian Comprehensive Partnership during her trip to Jakarta in February. This partnership seeks to support the successful transformation of the world's third largest democracy into a

stable, democratic and moderate voice, and a beacon of promise around the world. Finally, our programs in Burma, Cambodia, and Vietnam not only foster a more vibrant civil society, but put in place the building blocks for prosperity and wellbeing for vulnerable populations by investing in public health, education, and broad-based economic development.

In Europe, we are seeking to support policies geared to promote a continent whole, free and at peace. That includes supporting democratic reformers in Georgia, Ukraine and Moldova. For Russia, our request seeks to support the efforts of those in Russia promoting democratic reform while cooperating with the government in areas of common interest. For Southeast Europe, ensuring the success of newly-independent Kosovo is a top priority, followed closely by the need to facilitate progress on reform in Serbia and prevent ethnic-based crises that would prevent implementation of the Dayton Accords in Bosnia and Herzegovina. In addition, the request restores full U.S. support for the Organization for Security and Cooperation in Europe (OSCE) budget, preventing further operating shortfalls. Providing full financial support to the OSCE is in keeping with the Administration's emphasis on revitalizing multilateral engagement, which includes active participation on our part, as well as a commitment to paying our dues on time and in full.

In all of these areas -- from Iraq and Afghanistan to the Balkans -- our objectives and investments are greatly enhanced when pursued in partnership with the international community. Many of our foreign policy challenges rely on coalitions of like-minded partners, forged within our international institutions. And as demonstrated through our support for U.N. peacekeeping activities, the dollars we contribute to these fora leverage significant returns.

Therefore, success lies in maintaining U.S. leadership in the international community. Responsible global leadership means meeting our financial commitments to international institutions, even as we work with them to institute reforms to strengthen their efficacy. The Administration's budget requests \$4.1 billion for assessed contributions to multilateral organizations and peacekeeping assessments, demonstrating our resolve to work together with members of the international community in the pursuit of common goals. Our overall request meets U.S. financial commitments to the United Nations and other international organizations that support a wide range of U.S. national security, foreign policy, and economic goals, including full funding of all 2010 scheduled payments to the Multilateral Development Banks, and a portion of outstanding arrears.

Fourth, we must strengthen global security capabilities.

One of the most basic responsibilities of government is to provide security and order to its people. Our allies and partners must be able to defend their territory and borders against both external and internal attacks. That is why our strategy seeks to forge partnerships among states to help build global security capacity in a host of areas, including peacekeeping, police training, non-proliferation, and combating nuclear terrorism. Notable examples include our Cooperative Threat Reduction Program with Russia; the Global Initiative to Combat Nuclear Terrorism, which brings together 75

partner countries; and the Proliferation Security Initiative, a global effort that aims to stop trafficking of weapons of mass destruction supported by over 90 countries.

The FY 2010 request also includes \$90 million to launch a new multi-year effort to help address the wide array of threats posed by terrorist organizations. The Shared Security Partnership will allow the United States to forge strategic partnerships with allies to confront common global extremist threats, building on previous law enforcement and counter-terrorist efforts to create a regional and global information-sharing and coordination infrastructure.

This budget also continues funding for the Global Peace Operations Initiative (GPOI), which builds and maintains the capacity and effectiveness of peace operations worldwide. GPOI is on track to complete its global target of training 75,000 peacekeepers, and is shifting its focus from the direct training of peacekeepers to building sustainable, indigenous capacity. Funding will also enhance the ability of our partners to address counterterrorism threats through the Trans-Sahara Counterterrorism Partnership and the East Africa Regional Strategic Initiative programs; reform military forces in the aftermath of conflict into professional military forces with respect for the rule of law, including those in Southern Sudan, Liberia, the Democratic Republic of the Congo, and Somalia; and address critical regional coastal and border security problems in Africa.

Finally, our resource request for nonproliferation, anti-terrorism, and demining activities is up 17 percent, including increases to expand the terrorist interdiction watchlist system and efforts to destroy conventional weapons stockpiles.

Fifth, we must maintain the resources to respond to urgent humanitarian needs.

The U.S. remains the leader in responding to the most vulnerable populations, providing basic life-sustaining support in the face of disasters; and protection of refugees, conflict victims, and internally displaced persons overseas. Our humanitarian assistance programs are the most fundamental expression of our values, from responding to the devastating impacts of the cyclone in Burma to the victims of conflict and instability in Darfur, Zimbabwe, and now Sri Lanka and Pakistan. We have also seen that leading with these values has a multiplier effect. It was our humanitarian assistance in the aftermath of the earthquake in Pakistan that began to turn the sentiments of Pakistani citizens away from extremists, and to see the United States as a force for good in their lives. And we know that the deep human suffering -- the lack of access to the most basic of needs -- can feed instability and further conflict.

Our request aims to budget fully for expected requirements for refugees, rather than continuing to rely on supplemental appropriations. The request includes \$4.1 billion in refugee, disaster, displaced persons and emergency food assistance, which is part of our comprehensive U.S. food security efforts. In addition to basic needs, these resources assist refugees with voluntary repatriation, local integration, or permanent resettlement in a third country, and provide critical humanitarian relief, rehabilitation, and reconstruction in countries around the world affected by natural and man-made disasters.

Conclusion: Managing for Success

Securing the resources to promote our goals is an important step toward restoring American global leadership. But resources are not enough. With leadership comes responsibility, and especially in these difficult economic times, we must be better managers of our resources. Congress has been at the forefront of identifying ways to improve our assistance policies and practice, and we thank you for your leadership and welcome your ongoing consultation.

I hope that the simple fact that I am here before you today is a sign of our commitment to greater fiscal discipline and efficiency in international affairs. One of Secretary Clinton's first orders of business was to fill for the first time the position of Deputy Secretary of State for Management and Resources. This reflected her seriousness and determination that the Department must be a responsible steward of taxpayer dollars and maximize resources for greatest effect.

Among my first duties has been to undertake a comprehensive review of our foreign assistance programs. Secretary Clinton has asked me to make recommendations on new ways to speed the cause of development in nations left behind by poverty, to use foreign aid to buttress our foreign policy aims, and to bring the full power of our resources to bear. This effort is well underway, and we look forward to working with you as it evolves.

At that same time, we are already *acting* on some of the principles that will help guide our new approach to foreign assistance. We are learning from real-world experiences what works and what does not. We are also rethinking where to focus our attention to best advance our nation's security.

In particular, let me highlight the importance of an integrated approach to development to our efforts in Afghanistan and Pakistan. To get our policies right toward these two critically important countries, we must deploy our resources for maximum impact.

Both the State Department and USAID are building upon the Administration's overall strategic review to craft and implement a comprehensive effort that focuses on ways that civilian agencies -- State, USAID, working together the Department of Agriculture and others -- can bolster both security *and* development. We recognize that over the long haul, we will not have one without the other. Different agencies have different tools and different strengths. We are working to unite them behind a common mission.

You can see a similar focus on unity of effort in an entirely different initiative -- the Administration's efforts to develop a new food security strategy to dramatically reduce global hunger and poverty. The State Department is leading a whole-of-government process to design and implement this new strategy. We are creating an inventory of each agency's programs, identifying gaps in our current programming, and coordinating among all agencies to develop a shared strategy.

Both of these efforts underscore the need to develop basic mechanisms that allow us to integrate our strengths -- acting as a sort of diplomatic force multiplier under a shared

mission. State and USAID account for about 70 percent of official U.S. development assistance; we are just two of the nearly 20 U.S. agencies involved in providing foreign aid. We must care more about strategy, unity and results than we do about turf. We must be able to look at a country, a function, or an objective, and be able to identify everything that the *U.S. government* is doing in that area -- not just State. To meet the challenges of a world being bound closer together, we need a government that is working closer together.

Similarly, we must speak with one voice. Our partners abroad have sometimes received mixed messages from the array of agencies working in international affairs, each of which has its own rules of engagement. Our ability to get results on the ground will depend on our ability to field coordinated teams, both in Washington and around the globe. This is why we are so urgently focused on better coordination of U.S. efforts in Afghanistan and Pakistan, and it is why we are reviewing options about how best to develop systems and incentives to strengthen coordination across our foreign affairs programs.

Let me also mention another key principle behind our reform efforts: accountability. We must demand results. That means defining specific strategic priorities; developing and validating ways to measure performance with OMB, Congress, and other key stakeholders; and making budget and program-management decisions on the basis of results -- or lack thereof.

Finally, we are mindful that in an age of economic crisis and foreign challenges, the United States must be a more effective donor. Development progress is best achieved when priorities are determined and implemented by responsible partners, and aid levels are sustained, predictable, and coordinated with other donors. We must continue to strive for our assistance to be demand-driven, giving our people in the field the means to leverage opportunities and enhancing our ability to partner with responsible governments.

This is an ambitious agenda, but Secretary Clinton and I are looking forward to the challenges. With the right resources and your good counsel, we are confident that we can rise to meet the moment. We look forward to consulting closely with the Congress and other stakeholders as we continue to move ahead in the coming weeks and months. And I look forward to our discussion today. Thank you again for having me here today, and thank you for your time.